



# County of Kalamazoo, Michigan

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Comprehensive Annual Financial Report  
and Single Audit Act Compliance

Year Ended December 31, 2012

# County of Kalamazoo, Michigan

## Comprehensive Annual Financial Report and Single Audit Act Compliance Year Ended December 31, 2012

## County of Kalamazoo, Michigan

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Comprehensive Annual Financial Report and Single Audit Act Compliance  
Year Ended December 31, 2012

Prepared By:

Peter M. Battani, County Administrator/Controller  
Tracie L. Moored, Director, Finance and Administrative Services

# County of Kalamazoo, Michigan

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## Introductory Section

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# County of Kalamazoo, Michigan

## List of Officials for 2012

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### **County Board of Commissioners**

David Maturen – Chairperson  
David Buskirk – Vice Chairperson

Carolyn Alford	Dale Pominville
Nasim Ansari	Timothy Rogowski
Robert Barnard	Michael Seals
John Gisler	Phil Stinchcomb
Jeff Hepler	John Taylor
Brandt Iden	Jack Urban
Brian Johnson	John Zull
Ann Nieuwenhuis	

### **Circuit Court Judges**

Stephen Gorsalitz – Chief Judge

J. Richardson Johnson  
Alexander Lipsey  
Gary Giguere, Jr.  
Pamela Lightvoet

### **District Court Judges**

Paul Bridenstine – Chief Judge

Anne Blatchford  
Robert Kropf  
Julie Phillips  
Richard Santoni  
Vincent Westra

### **Probate Judges**

Stephen Gorsalitz – Chief Judge

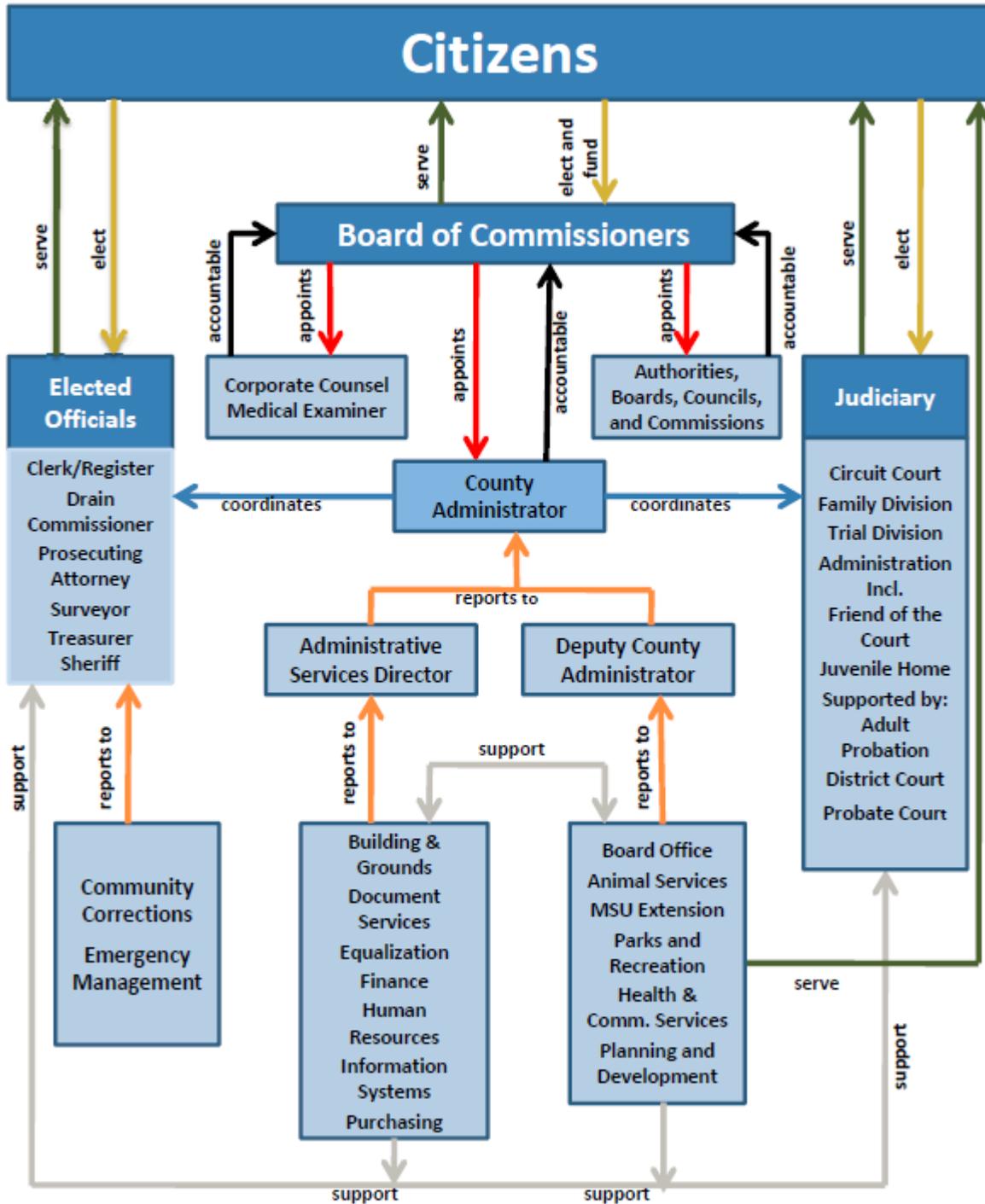
Donald Halstead  
Curtis Bell  
Patricia Conlon

### **Others**

Prosecutor – Jeffrey Fink  
Sheriff – Richard Fuller  
Treasurer – Mary Balkema  
County Clerk/Register of Deeds – Timothy Snow  
Surveyor – Gary D. Hahn  
Drain Commissioner – Patricia Crowley

# County of Kalamazoo, Michigan

## Organization Chart



County of Kalamazoo  
Certificate of Achievement

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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, 2011

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



*Christopher P. Movill*

President

*Jeffrey R. Emer*

Executive Director



## Office of Finance

201 West Kalamazoo Avenue, Kalamazoo, Michigan 49007

Phone: (269) 384-8090 - Fax: (269) 383-6448 -

[www.kalcounty.com](http://www.kalcounty.com)

Tracie L. Moored, Director, Finance and Administrative Services

Peter M. Battani, County Administrator/Controller

June 19, 2013

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, 2012. The basic financial statements included in this report have been audited by BDO USA, LLP, an independent firm of 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, 2012, 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 unqualified opinion and that the County's financial statements for the year ended December 31, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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 157 to 160.

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 auditors' 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 2012 estimated census population of 254,580, and is located in the southwest portion of Michigan's Lower Peninsula. It is approximately 75 miles southwest of Lansing, the state capital. The County is empowered by the state to levy a property tax on real and personal properties located within the County.

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

The County is governed by the County Board of Commissioners (the County Board), which in 2012, consists of 17 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 fund 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 governmental fund for which an appropriated annual budget has been adopted. The General Fund is found on Page 30 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, this comparison is found starting on Page 102.

### Financial Condition Factors

**Local Economy.** As the entire state experiences 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. In the last several years, the unemployment rate has reported more favorable results than the state or national rates. Major employers in the area are found in the pharmaceutical, banking, health, and education sectors. As economic indicators change, the County will continue to monitor budgetary impacts.

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

**Long Term Financial Planning.** The County completes a ten-year analysis during each budget cycle and updates them frequently to ensure that budgetary impacts are considered. Based on these projections and economic indicators, budget policies have been adopted to implement a base line spending reduction. The Board of Commissioners are committed to ensure long-term fiscal stability of the County. The County has operated cautiously 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 revenues in the next two years to potentially decline. The County will continue to align expenditures to these indicators.

**Capital Improvement.** In 2012, the County has designated 16.17% of general operating to capital improvement initiatives. A Capital Improvement Committee has been designated to review annual funding requests. The committee ensures standard criteria are met before projects are considered. An analysis is completed on each qualifying item. Authorizations are granted based on committee recommendations.

For major capital items, a Facilities Master plan workgroup has been established. The primary mission of this body is to assess and develop a countywide Facilities Master plan. 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.

In 2011, to solidify the County Board commitment to financial responsibility, a Fund Balance Policy was adopted. Recognizing Governmental Accounting Standards Board Statement No. 54, the target of unassigned General Fund balance to General Operating Revenues will be 20%. It is the intent that should the General Fund Balance fluctuate above or below this target by 5% or more, Administration will make recommendations to the County Board to adhere to the policy objective. The 2012 unrestricted and committed fund balance in comparison to revenues was 25.4%.

**Major Initiatives.** Budgetary pressures have continued to be placed on the County. In 2012, long-term pressures resulted from diminished revenue streams and long-term facility needs. In an effort to remain committed to providing essential services, a strategic initiative has been outlined and utilized. The County has created a strategic plan that is reviewed monthly to emphasize framework in the following areas: Human Services, Economic and Regional Development, Customer Service and Accountability, and Community Safety and Justice. In 2012, the following strategic initiatives were enhanced or completed.

- ***Jail Improvement Funding***

In 2005, operational reductions were made to facilitate savings of \$5 million annually. These funds were set aside in a reserve fund to initiate savings to construct much needed jail improvements without utilizing a millage increase. In 2011, the County's goal of generating approximately \$25 million was accomplished. In 2011, construction was authorized. Completion of this pre-funded project will be final in 2013.

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

In recognition of the County's long-term facilities needs, an extensive Facilities Assessment was completed at the end of 2011. This assessment identified properties and developed a long-term cost analysis of \$30 million over the next 15 years. Beginning with the 2011 budget, the County Board earmarked \$3.5 million to initiate a County Public Improvement Fund. In 2012, an additional \$11 million was earmarked, during the budget process; the Board will determine additional dollars to commit to the preservation of facilities needs.

A formal Master plan has been submitted and adopted by the Board to achieve \$40 million of construction and maintenance over the next five years. The funding of these projects is facilitated through contributions to the Capital Improvement fund.

▪ ***Transparency and Accountability - Economic Vitality Incentive Program (EVIP)***

The Economic Vitality Incentive Program (EVIP) was issued for Counties in 2012. Each municipality that received State Revenue Sharing must fulfill three specific requirements to be eligible to receive State distributed payments. The three required categories are Accountability and Transparency, Consolidation of Services, and Employee Compensation. In 2012, The County outlined and implemented a plan to fulfill its obligations as outlined by the State of Michigan.

▪ ***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 2012, a purchasing partnership with two other municipalities was launched. Purchasing greater quantities together allows for greater discounted prices. We continue to evaluate areas where this creates positive scenarios.

**Awards and Acknowledgements**

The Government Finance Officer's 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 2011. This was the thirteenth 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,



Peter M. Battani  
County Administrator/Controller



Tracie L. Moored  
Director, Finance and Administrative Services

## Financial Section

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## Independent Auditor's Report

Board of Commissioners  
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, 2012 (September 30, 2012, for certain component units) 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.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Kalamazoo County Road Commission, the Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS) or the Kalamazoo County Transportation Authority, which represents 93%, 93% and 93% respectively, of the assets, net position, and revenues of the component units. 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 Kalamazoo County Road Commission, KCMHSAS and the Kalamazoo County Transportation Authority, 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.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

As described in Note 11 to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as of January 1, 2012.

### *Opinions*

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County, as of December 31, 2012, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Law Enforcement Fund, and the Health Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 20 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 and other auditors 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 accompanying supplementary information, such as the introductory section, combining and individual fund financial statements, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by office of management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Supplemental Schedule of Expenditures by Service, and Schedule of Federal Pass-Through Funds & Subrecipients, are presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information, such as the combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, Supplemental Schedule of Expenditures by Service, and Schedule of Federal Pass-Through Funds to Subrecipients 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section 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 it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2013 on our consideration of the County's internal control over financial reporting and on 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 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.

*BDO USA, LLP*

Kalamazoo, Michigan

June 19, 2013

## Management Discussion and Analysis

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# County of Kalamazoo, Michigan

## Management Discussion and Analysis

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As management of the County of Kalamazoo, Michigan (the County), 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, 2012. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which may be found on Pages 1 to 5 of this report.

### Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$184,999,018 (net position). Of this amount, \$84,929,658 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and future creditors.
- The government's total net position increased by \$3,429,368.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$51,774,049 a decrease of \$12,974,401 in comparison with the prior year. Approximately 39% of this total amount, \$20,320,881 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,320,881 (42.8%) of the total General Fund expenditures, not including transfers out.
- The County's total long-term obligations decreased by \$7,783 during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

# County of Kalamazoo, Michigan

## Management Discussion and Analysis (Continued)

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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, highways and streets, health and welfare, recreation and culture, and judicial. The business-type activities of the County include the Kalamazoo-Battle Creek International Airport, the Tax Revision, and the Delinquent Tax Revolving Funds.

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

The government-wide financial statements can be found on Pages 21 to 24 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, similar to 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 are 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 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 funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County presents 43 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Law Enforcement Fund, Health Fund, and the General County Public Improvement Fund, all of which are considered to be major funds. Data from the other 39 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are found on Pages 25 to 42 of this report.

# County of Kalamazoo, Michigan

## Management Discussion and Analysis (Continued)

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**Proprietary Funds.** The County maintains three 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, 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 an Internal Service Fund to account for its employee benefits program, information systems activity, technology systems, Nazareth facility lease program, Central Stores activity, and a personnel pool. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport Fund, the Delinquent Tax Revolving Fund, and the Tax Reversion Fund, all of which are considered to be major funds of the County. The County's six internal service funds are presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Fund column. Also, individual fund data for the internal service fund is provided in the form of combining statements elsewhere in this report.

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

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on Pages 43 to 77 of this report.

**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 post-retirement benefits to its employees. This required supplementary information is included in the Required Supplementary Information section on Pages 78 to 79.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$184,999,018 at the close of the most recent fiscal year.

A substantial portion of the County's net position (49.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted 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.

**County of Kalamazoo, Michigan**  
**Management Discussion and Analysis (Continued)**

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**County of Kalamazoo, Michigan - Net Position**

<i>December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
<b>Assets:</b>						
Current and other assets	\$ 104,862,307	\$ 112,874,404	\$ 31,535,043	\$ 29,908,173	\$ 136,397,350	\$ 142,782,577
Capital assets, net of accumulated depreciation	69,002,637	49,801,939	59,596,706	61,733,191	128,599,343	111,535,130
<b>Total Assets</b>	<b>\$ 173,864,944</b>	<b>\$ 162,676,343</b>	<b>\$ 91,131,749</b>	<b>\$ 91,641,364</b>	<b>\$ 264,996,693</b>	<b>\$ 254,317,707</b>
<b>Liabilities:</b>						
Long-term liabilities outstanding	\$ 45,114,102	\$ 44,741,885	\$ 7,520,000	\$ 7,900,000	\$ 52,634,102	\$ 52,641,885
Other liabilities	26,953,760	19,665,742	409,813	440,430	27,363,573	20,106,172
<b>Total Liabilities</b>	<b>72,067,862</b>	<b>64,407,627</b>	<b>7,929,813</b>	<b>8,340,430</b>	<b>79,997,675</b>	<b>72,748,057</b>
<b>Net Position:</b>						
Investment in capital assets, net of related debt	39,987,637	20,075,223	52,076,706	53,833,191	92,064,343	73,908,414
Restricted	8,005,017	7,953,715	-	-	8,005,017	7,953,715
Unrestricted	53,804,428	70,239,778	31,125,230	29,467,743	84,929,658	99,707,521
<b>Total Net Position</b>	<b>101,797,082</b>	<b>98,268,716</b>	<b>83,201,936</b>	<b>83,300,934</b>	<b>184,999,018</b>	<b>181,569,650</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 173,864,944</b>	<b>\$ 162,676,343</b>	<b>\$ 91,131,749</b>	<b>\$ 91,641,364</b>	<b>\$ 264,996,693</b>	<b>\$ 254,317,707</b>

An additional portion of the County's net position (4.3%) represents resources that are subject to external restrictions (statutes, special voted millage, bond covenants, or granting agencies) on how they may be used. Restricted net position increased by \$51,302 from prior year primarily the result of the receipt of grant funding for the County's operations. There is no restricted net position reported in connection with the County's business-type activities. The County may use the remaining balance of unrestricted net position of \$84,929,658 (45.9%) 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, as well as for its separate governmental and business-type activities.

**County of Kalamazoo, Michigan**  
**Management Discussion and Analysis (Continued)**

**County of Kalamazoo, Michigan - Changes in Net Position**

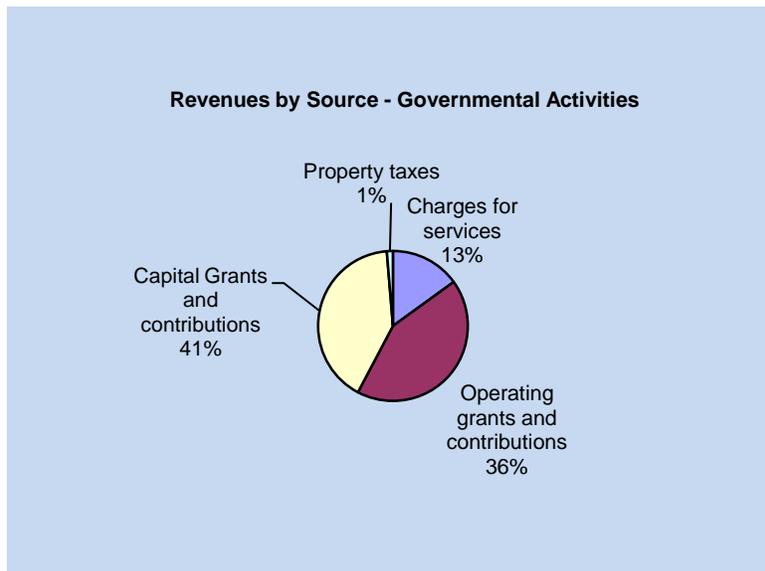
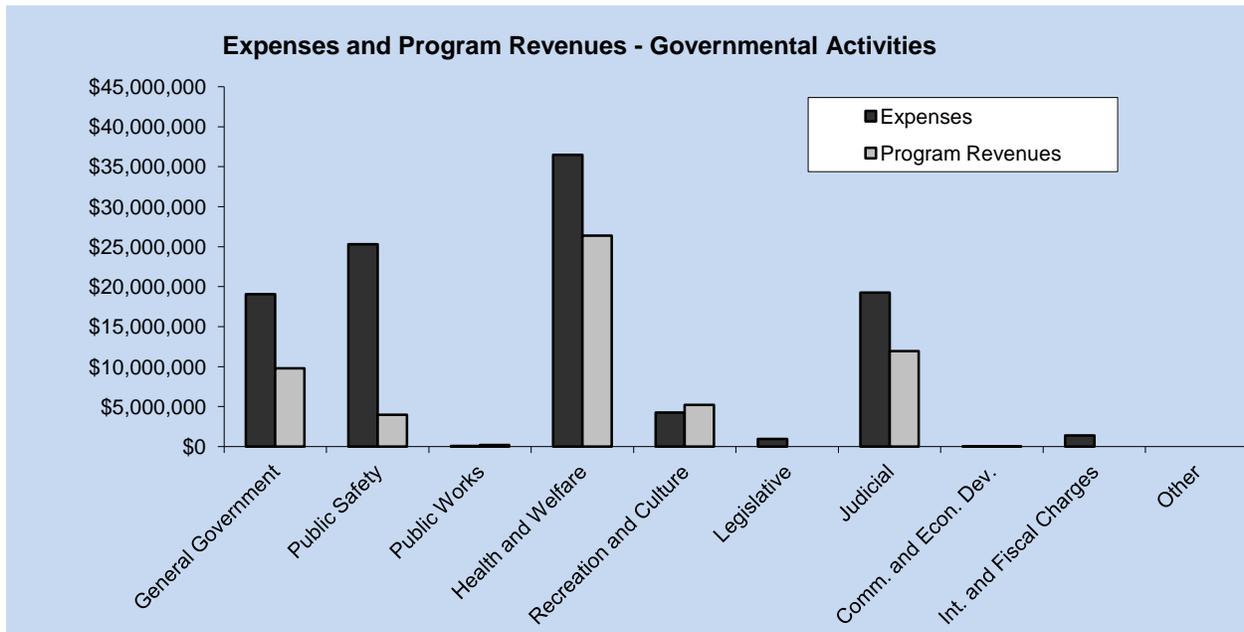
<i>Year Ended December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 17,308,649	\$ 17,345,739	\$ 8,013,213	\$ 9,240,846	\$ 25,321,862	\$ 26,586,585
Operating grants and contributions	40,244,963	44,209,089	528,096	114,992	40,773,059	44,324,081
Capital grants and contributions	-	-	1,066,540	8,364,153	1,066,540	8,364,153
<b>General revenues:</b>						
Property taxes	47,231,113	48,405,162	-	-	47,231,113	48,405,162
Other	384,078	44,613	-	-	384,078	44,613
Unrestricted investment earnings	1,131,111	2,102,983	22,247	59,095	1,153,358	2,162,078
<b>Total Revenues</b>	<b>106,299,914</b>	<b>112,107,586</b>	<b>9,630,096</b>	<b>17,779,086</b>	<b>115,930,010</b>	<b>129,886,672</b>
<b>Expenses:</b>						
General government	16,560,972	14,685,317	-	-	16,560,972	14,685,317
Public safety	25,317,944	25,723,553	-	-	25,317,944	25,723,553
Public works	79,790	133,937	-	-	79,790	133,937
Health and welfare	36,491,664	38,749,470	-	-	36,491,664	38,749,470
Recreation and culture	4,241,319	4,013,029	-	-	4,241,319	4,013,029
Legislative	973,686	971,453	-	-	973,686	971,453
Judicial	19,273,929	19,540,568	-	-	19,273,929	19,540,568
Community Economic Development	61,191	81,132	-	-	61,191	81,132
Interest and fiscal charges	1,396,053	1,461,542	-	-	1,396,053	1,461,542
Tax reversion	-	-	666,526	537,829	666,526	537,829
Airport operations	-	-	7,437,568	7,755,405	7,437,568	7,755,405
<b>Total Expenses</b>	<b>104,396,548</b>	<b>105,360,001</b>	<b>8,104,094</b>	<b>8,293,234</b>	<b>112,500,642</b>	<b>113,653,235</b>
<b>Increase in Net Position</b>						
Before Transfers	1,903,366	6,747,585	1,526,002	9,485,852	3,429,368	16,233,437
Transfers In (Out)	1,625,000	1,275,000	(1,625,000)	(1,275,000)	-	-
<b>Change in Net Position</b>	<b>3,528,366</b>	<b>8,022,585</b>	<b>(98,998)</b>	<b>8,210,852</b>	<b>3,429,368</b>	<b>16,233,437</b>
<b>Net Position,</b>						
beginning of year	98,268,716	90,246,131	83,300,934	75,090,082	181,569,650	165,336,213
<b>Net Position, end of year</b>	<b>\$ 101,797,082</b>	<b>\$ 98,268,716</b>	<b>\$ 83,201,936</b>	<b>\$ 83,300,934</b>	<b>\$ 184,999,018</b>	<b>\$ 181,569,650</b>

# County of Kalamazoo, Michigan

## Management Discussion and Analysis (Continued)

The County's net position increased by \$3,429,368 during the current fiscal year. This growth represents the degree to which increases in ongoing revenues such as property taxes, capital grants and contributions, and user fees have outstripped similar increases in ongoing expenses. In addition, the County implemented certain cost-cutting measures to stay within its budgetary limits.

**Governmental Activities.** Governmental activities increased the County's net position by \$3,528,366. This growth represents the degree to which increases in ongoing revenues such as property taxes, capital grants and contributions, and user fees have outstripped similar increases in ongoing expenses. The chart below represents Governmental Activities program revenues and the associated expenses.



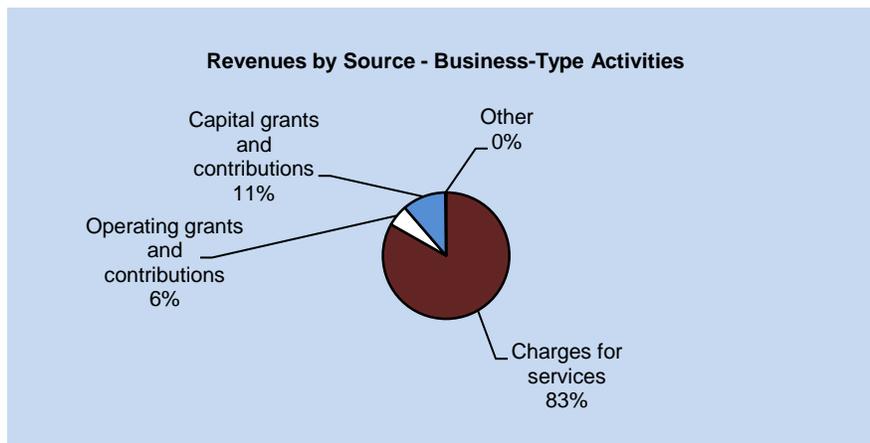
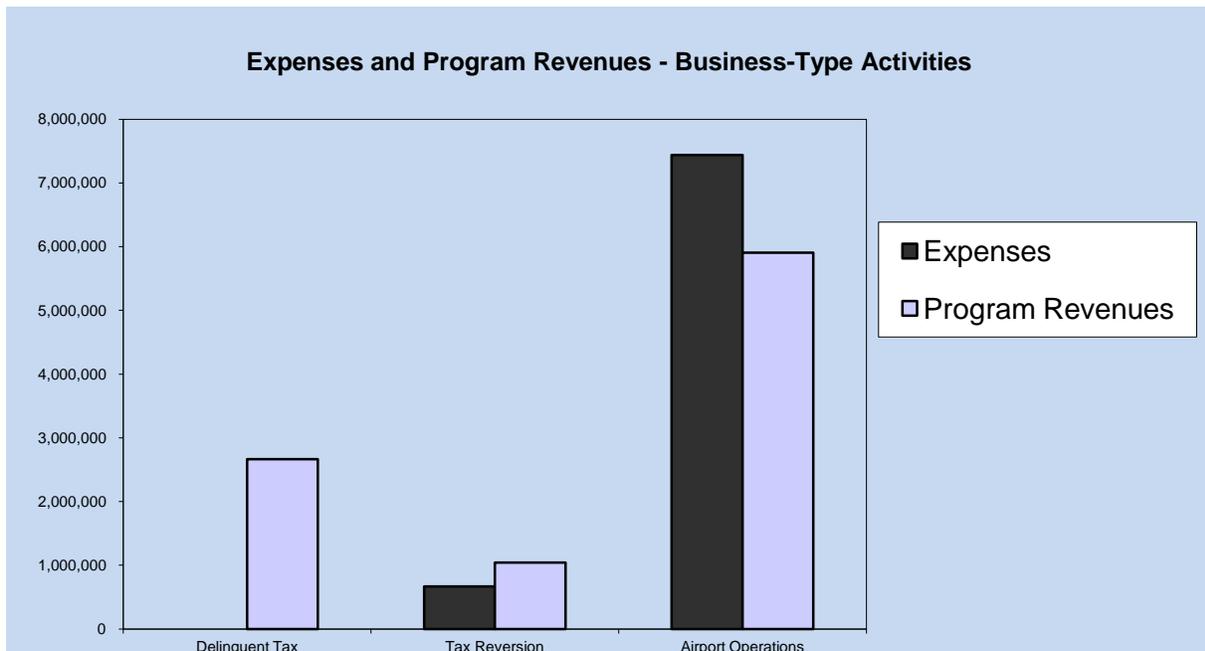
# County of Kalamazoo, Michigan

## Management Discussion and Analysis (Continued)

For the most part, increases in operating expenses closely paralleled inflation and growth in the demand for services.

**Business-Type Activities.** Business-type activities decreased the County's net position by \$98,998. The key elements of this decrease consists of the following:

- The Airport operations resulted in \$1.5 million of the decrease in net position. This is due to the planned use of carryover for operating costs of two terminal buildings and operating revenues lower than budgeted.
- The Delinquent Tax Revolving Fund saw an increase in net position in the amount of \$1,473,020 essentially offsetting the airports losses. This is a result of an increase in collection of delinquent taxes, collections of penalties, interest, and collection fees, as well as minimal associated expenses.



# County of Kalamazoo, Michigan

## Management Discussion and Analysis (Continued)

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### County of Kalamazoo, Michigan - Financial Analysis of 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.

The County implemented Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed the classification of fund balances and clarified the definitions of governmental fund types. Fund balance components have been classified as non-spendable, 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.

Committed Fund Balance, the largest component of fund balance, at 43.8% of total, is at \$22.7 million. Spending of these resources is constrained by the Board of Commissioners. These commitments are for General County Public Improvement fund capital expenditures that are one-time in nature with \$18.4 million for new buildings and renovations outlined in our Facilities Master Plan and \$4.3 million in the General Fund for the County's capital equipment needs.

Restricted fund balances make up approximately \$8 million (15.7%) of the fund balance. Spending of these resources is constrained by externally imposed (statutory, bond covenant, contracts, or grantors) limitations on their use. Uses include \$5.1 million for activities in the special revenue funds primarily in Public Safety and Health and Welfare and \$2.5 million for budget stabilization of the General Fund. The remaining amounts are for debt service and capital.

Assigned fund balance represents 1.2% of total fund balance with spending constrained by the Board of County Commissioners. Assignments include \$583,200 in the General Fund for an appropriation of the existing fund balance for the 2013 budget.

Unassigned fund balance represents the General Fund remaining fund balance and is available to support general operations of the fund. The unassigned amount represents 39.2% 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 \$20,320,881, while total fund balance amounted to \$27,866,004. 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 31.4% of total General Fund expenditures and transfers out, while total fund balance represents 43.1% of that same amount.

The fund balance of the County's General Fund decreased by \$4,296,079 during the current fiscal year. The key factor in this change is transfers to other funds for capital needs associated with implementation of the Facilities Master Plan.

# County of Kalamazoo, Michigan

## Management Discussion and Analysis (Continued)

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The Law Enforcement Fund accounts for specific revenue derived from a special voter approved millage, state and federal grants, charges for services, and are to be expended as dictated by legal, regulatory, or administrative requirements. At the end of the current fiscal year, restricted fund balance of the Law Enforcement Fund was \$829,154. The fund balance of the County's Law Enforcement Fund decreased by \$126,470 during the current fiscal year. The key factors in this change were lower property tax collections due to declining values and one-time capital expenditures that required the use of budgeted reserves.

The Health Fund accounts for special revenue set aside for the purpose of providing health protection for people within the County. Revenues are provided through state and federal grants and General Fund appropriations. The Health Fund saw no change in fund balance.

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. In 2006, the County implemented a five-year plan to reduce the general operating budget by a phased-in approach. This was to recognize there was no plan in place at the state level to replace the estimated \$5,300,000 revenue sharing payments. The State of Michigan again changed the makeup of the revenue sharing payments to Counties with their 2012 budget and the County continued the \$3.9 million transfer of the State Shared Revenue payments into the General County Public Improvement Fund to pay for capital facility needs. The fund balance decreased in the amount of \$8,396,669 due to the construction payments for the expanded jail in the amount of \$19,273,824 bringing the total in the fund to \$18,387,782.

**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 \$5,601,013. The net position for the Delinquent Tax Revolving Fund amounted to \$24,212,330 and the net position for the Tax Reversion Fund totaled \$1,167,195. The Airport Fund had a total decrease in net position of \$1,530,559, the Delinquent Tax Revolving Fund experienced an increase in net position of \$1,473,020 and the Tax Reversion Fund saw a decrease in net position in the amount of \$51,507. Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget revenues were a decrease of \$144,900 and differences between the original budget and the final amended budget expenditures were \$2,829,400 or a 5.4% increase in appropriations and are briefly summarized as follows:

- \$246,300 decrease in police contracting revenues received from other municipalities.
- \$1,179,000 increases in capital outlay.
- The \$7,395,500 change in Other Sources (Uses) with increases in transfers in and decreases in transfers out due to revised projections based on actual expense and additional transfer to the General County Public Improvement Fund for capital needs.

# County of Kalamazoo, Michigan

## Management Discussion and Analysis (Continued)

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Differences between the final amended budget and actual results are briefly summarized as follows:

### Revenues:

Taxes - \$799,893. This revenue variance is a result of a greater amount of current tax collections in than was projected.

Charges for Services - \$248,724. This positive revenue variance is primarily the result of increases in real estate transaction related revenues in the Clerk's Office.

Fines and Forfeitures - \$-179,526. This revenue shortfall is primarily the result of a decrease in collections of ordinance fines and costs in the District Court.

### Expenditures:

Public Safety - \$510,748. This activity was under budget primarily due to lower than anticipated costs for salary cost, delay of vehicle purchases and various inmate related expenses.

General Government - \$688,044. This activity was under budget due to lower than expected costs for elections, Prosecuting Attorney's Office and utilities.

Other - \$5,089,780. This activity was under budget due to contingencies and reserves. No events occurred to necessitate contingency expenditures and lower than expected insurance costs.

Capital Outlay - \$1,335,649. This favorable budget variance was primarily due to the timing in the completion of the capital projects.

Transfers Out - \$324,650. This is primarily related to the Health Fund and the Friend of the Court and is due to a combination of underutilization of operating budgets, and increases in federal and state grants.

## Capital Asset and Debt Administration

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounts to approximately \$128.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, furniture, machinery and equipment, vehicles and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was 15% (an increase of 39% for governmental activities and a decrease of 3% for business-type activities).

The major capital asset event during the current fiscal year was work on the Jail Improvement Project, which is scheduled for completion in 2013.

## County of Kalamazoo, Michigan

### Management Discussion and Analysis (Continued)

#### County of Kalamazoo, Michigan - Capital Assets (In thousands and net of depreciation)

<i>December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
Land	\$ 3,755	\$ 2,442	\$ 3,868	\$ 3,868	\$ 7,623	\$ 6,310
Construction in progress	19,658	1,742	999	471	20,657	2,213
Capital assets in progress	231	58	-	-	231	58
Intangible easements	121	107	-	-	121	107
Land improvements	8,095	6,581	17,528	19,229	25,623	25,810
Buildings and improvements	32,317	33,790	32,113	33,075	64,430	66,865
Machinery and equipment	3,297	3,234	5,089	5,090	8,386	8,324
Motor vehicles	1,529	1,848	-	-	1,529	1,848
<b>Total</b>	<b>\$ 69,003</b>	<b>\$ 49,802</b>	<b>\$ 59,597</b>	<b>\$ 61,733</b>	<b>\$ 128,600</b>	<b>\$ 111,535</b>

Additional information on the County's capital assets are found in Note 5 on Pages 61 to 63 of this report.

**Long-Term Obligations.** At the end of the current fiscal year, the County had total long-term obligations outstanding of \$52,634,102. The County obligations represent bonds and associated premiums secured solely by specified revenue sources (i.e., revenue bonds), compensated absences to be liquidated by the appropriate fund, and net OPEB obligation.

#### County of Kalamazoo, Michigan - Outstanding Long-Term Obligations (In thousands)

<i>December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
<b>Primary Government:</b>						
Compensated absences	\$ 3,321	\$ 3,459	\$ -	\$ -	\$ 3,321	\$ 3,459
Bonds and notes	33,319	35,438	7,520	7,900	40,839	43,338
OPEB obligation	8,474	5,845	-	-	8,474	5,845
<b>Total</b>	<b>\$ 45,114</b>	<b>\$ 44,742</b>	<b>\$ 7,520</b>	<b>\$ 7,900</b>	<b>\$ 52,634</b>	<b>\$ 52,642</b>

The County's total obligation decreased by \$7,783 or .01% during the current fiscal year. Decreases in compensated absences and in bonds and notes were offset almost exactly by an increase in the OPEB obligations.

# County of Kalamazoo, Michigan

## Management Discussion and Analysis (Concluded)

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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 \$848,757,531, 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 6 on Pages 64 to 67.

### Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the County, as of April, 2013, is currently 6.2%, which is a decrease in the rate from a year ago. This compares favorably to the state's average unemployment rate of 8.2% and lower than the national average rate of 7.1%.
- Inflationary trends in the region compare favorably to national indices.
- Property values decreased by .44% in 2013.

These factors were considered in preparing and monitoring the County's budget for the 2013 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund is \$20,320,881. The County has an assigned amount of \$583,200 for spending in the 2013 fiscal year budget. 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 2013 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 should be addressed to:

Finance Director  
County of Kalamazoo, Michigan  
201 West Kalamazoo Avenue  
Kalamazoo, Michigan 49007

## Government-Wide Financial Statements

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**County of Kalamazoo, Michigan**  
**Government-Wide Financial Statements**  
**Statement of Net Position**

<i>December 31, 2012</i>	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business- Type Activities</i>	<i>Total</i>	
<b>Assets:</b>				
Cash (Note 3)	\$ 23,718,217	\$ 8,762,980	\$ 32,481,197	\$ 15,854,568
Investments (Note 3)	53,912,310	8,716,523	62,628,833	11,763,919
Receivables:				
Accounts	3,158,020	1,468,149	4,626,169	3,699,780
Taxes, current	11,157,332	-	11,157,332	-
Taxes, delinquent	208,213	9,550,345	9,758,558	-
Interest	243,107	1,899,015	2,142,122	-
Loans	108,000	-	108,000	-
Intergovernmental	9,944,113	366,340	10,310,453	2,562,391
Inventories	146,146	46,805	192,951	7,399,530
Prepaid expenses	356,409	8,246	364,655	859,358
Bond discount	-	51,435	51,435	-
Bond issuance costs	242,832	81,942	324,774	-
Other assets	52,978	-	52,978	596,328
Unearned loss	-	510,391	510,391	-
Restricted assets:				
Cash (Note 3)	1,614,630	8,335	1,622,965	-
Receivables	-	64,537	64,537	-
Land (Note 5)	3,755,182	3,868,097	7,623,279	21,617,859
Intangible easements (Note 5)	121,504	-	121,504	-
Capital assets in progress (Note 5)	230,754	-	230,754	-
Construction in progress (Note 5)	19,658,098	998,635	20,656,733	-
Capital assets, net of accumulated depreciation (Note 5)	45,237,099	54,729,974	99,967,073	98,645,516
<b>Total Assets</b>	<b>\$ 173,864,944</b>	<b>\$ 91,131,749</b>	<b>\$264,996,693</b>	<b>\$ 162,999,249</b>

**County of Kalamazoo, Michigan**  
**Government-Wide Financial Statements**  
**Statement of Net Position**

<i>December 31, 2012</i>	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business- Type Activities</i>	<i>Total</i>	
<b>Liabilities:</b>				
Checks issued against future deposits	\$ 14,705,814	\$ -	\$ 14,705,814	\$ -
Accounts payable	3,512,452	211,896	3,724,348	10,125,552
Retainage payable	1,304,680	-	1,304,680	-
Accrued liabilities	2,103,490	139,681	2,243,171	1,329,177
Interest payable	348,504	40,438	388,942	-
Intergovernmental payable	1,188,523	-	1,188,523	2,875,152
Liability for estimated claims	1,110,904	-	1,110,904	-
Other payables	67,804	13,717	81,521	9,560
Unearned revenue	2,611,589	4,081	2,615,670	2,097,817
Noncurrent liabilities (Note 6):				
Due within one year	2,905,182	575,000	3,480,182	927,711
Due in more than one year	42,208,920	6,945,000	49,153,920	-
<b>Total Liabilities</b>	<b>72,067,862</b>	<b>7,929,813</b>	<b>79,997,675</b>	<b>17,364,969</b>
<b>Net Position:</b>				
Invested in capital assets, net of related debt	39,987,637	52,076,706	92,064,343	120,263,375
Restricted:				
Budget Stabilization	2,500,000	-	2,500,000	-
KCLBA	-	-	-	6,039,852
KCMHSAS	-	-	-	4,637,443
Special Revenue Grants:				
Law Enforcement	829,154	-	829,154	-
Health	34,219	-	34,219	-
Other	4,641,644	-	4,641,644	-
Unrestricted	53,804,428	31,125,230	84,929,658	14,693,610
<b>Total Net Position</b>	<b>101,797,082</b>	<b>83,201,936</b>	<b>184,999,018</b>	<b>145,634,280</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 173,864,944</b>	<b>\$ 91,131,749</b>	<b>\$ 264,996,693</b>	<b>\$ 162,999,249</b>

*See accompanying notes to basic financial statements.*

**County of Kalamazoo, Michigan**  
**Government-Wide Financial Statements**  
**Statement of Activities**

<i>Year Ended December 31, 2012</i>	<i>Expenses</i>	<i>Program Revenues</i>		
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 16,560,972	\$ 5,530,702	\$ 4,239,285	\$ -
Public safety	25,317,944	2,094,447	1,877,706	-
Public works	79,790	103,093	79,749	-
Health and welfare	36,491,664	1,710,269	24,679,271	-
Recreation and culture	4,241,319	3,073,186	2,159,040	-
Legislative	973,686	-	-	-
Judicial	19,273,929	4,796,952	7,149,876	-
Community Economic Development	61,191	-	60,036	-
Interest and fiscal charges	1,396,053	-	-	-
<b>Total governmental activities</b>	<b>104,396,548</b>	<b>17,308,649</b>	<b>40,244,963</b>	<b>-</b>
Business-type activities:				
Delinquent tax	-	2,663,575	-	-
Tax reversion	666,526	1,040,019	-	-
Airport operations	7,437,568	4,309,619	528,096	1,066,540
<b>Total business-type activities</b>	<b>8,104,094</b>	<b>8,013,213</b>	<b>528,096</b>	<b>1,066,540</b>
<b>Total Primary Government</b>	<b>\$ 112,500,642</b>	<b>\$ 25,321,862</b>	<b>\$ 40,773,059</b>	<b>\$ 1,066,540</b>
<b>Component Units:</b>				
Kalamazoo County Land Bank Authority	\$ 1,583,067	\$ 78,600	\$ 4,737,741	\$ 7,825
Road Commission	17,522,844	156,912	12,911,394	5,445,447
Kalamazoo Community Mental Health and Substance Abuse Services	128,606,025	2,226,042	122,822,816	-
Other	5,772,249	59,591	1,093,173	-
<b>Total Component Units</b>	<b>\$ 153,484,185</b>	<b>\$ 2,521,145</b>	<b>\$ 141,565,124</b>	<b>\$ 5,453,272</b>
<b>General Revenues:</b>				
Property taxes levied for operating				
Other				
Unrestricted investment earnings				
<b>Total General Revenues</b>				
<b>Transfers In (Out)</b>				
<b>Total General Revenues and Transfers</b>				
<b>Change in Net Position</b>				
<b>Net Position, beginning of year</b>				
<b>Net Position, end of year</b>				

**County of Kalamazoo, Michigan**  
**Government-Wide Financial Statements**  
**Statement of Activities**

<i>Net Revenue (Expense) and Changes in Net Position</i>			
<i>Primary Government</i>			
<i>Governmental Activities</i>	<i>Business- Type Activities</i>	<i>Total</i>	<i>Component Units</i>
\$ (6,790,985)	\$ -	\$ (6,790,985)	\$ -
(21,345,791)	-	(21,345,791)	-
103,052	-	103,052	-
(10,102,124)	-	(10,102,124)	-
990,907	-	990,907	-
(973,686)	-	(973,686)	-
(7,327,101)	-	(7,327,101)	-
(1,155)	-	(1,155)	-
(1,396,053)	-	(1,396,053)	-
(46,842,936)	-	(46,842,936)	-
-	2,663,575	2,663,575	-
-	373,493	373,493	-
-	(1,533,313)	(1,533,313)	-
-	1,503,755	1,503,755	-
(46,842,936)	1,503,755	(45,339,181)	-
-	-	-	3,241,099
-	-	-	990,909
-	-	-	(3,557,167)
-	-	-	(4,619,485)
-	-	-	(3,944,644)
47,231,113	-	47,231,113	-
384,078	-	384,078	6,359,567
1,131,111	22,247	1,153,358	75,213
48,746,302	22,247	48,768,549	6,434,780
1,625,000	(1,625,000)	-	-
50,371,302	(1,602,753)	48,768,549	6,434,780
3,528,366	(98,998)	3,429,368	2,490,136
98,268,716	83,300,934	181,569,650	143,144,144
\$ 101,797,082	\$ 83,201,936	\$ 184,999,018	\$ 145,634,280

*See accompanying notes to basic financial statements.*

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## Fund Financial Statements

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# County of Kalamazoo, Michigan

## Governmental Funds Balance Sheets

<i>December 31, 2012</i>	<i>Special Revenue</i>			<i>General County Public Improvement Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
	<i>General</i>	<i>Law Enforcement</i>	<i>Health</i>			
<b>Assets:</b>						
Cash (Note 3)	\$ 16,609	\$ 432,743	\$ -	\$ 14,588,692	\$ 4,434,300	\$ 19,472,344
Restricted cash (Note 3)	-	-	-	1,614,630	-	1,614,630
Investments (Note 3)	39,453,186	2,490,827	-	5,099,594	942,761	47,986,368
<b>Receivables:</b>						
Accounts	121,005	17,500	890,202	40,589	1,693,621	2,762,917
Taxes, current	1,611,585	9,545,747	-	-	-	11,157,332
Taxes, delinquent	151,467	56,746	-	-	-	208,213
Interest	216,810	11,521	-	-	-	228,331
Loans receivable	108,000	-	-	-	-	108,000
Due from other government units	1,261,555	-	16,153	35,024	4,279,415	5,592,147
Prepaid expenditures	140,673	6,000	22,806	-	-	169,479
Inventories	27,322	-	24,710	-	-	52,032
Advances to other funds (Note 4)	76,197	-	-	-	-	76,197
Other	-	-	-	-	52,978	52,978
<b>Total Assets</b>	<b>\$ 43,184,409</b>	<b>\$ 12,561,084</b>	<b>\$ 953,871</b>	<b>\$ 21,378,529</b>	<b>\$ 11,403,075</b>	<b>\$ 89,480,968</b>

# County of Kalamazoo, Michigan

## Governmental Funds Balance Sheets

December 31, 2012	<i>Special Revenue</i>			<i>General County</i>		<i>Total Governmental Funds</i>
	<i>General</i>	<i>Law</i>		<i>Public Improvement Fund</i>	<i>Other Governmental Funds</i>	
		<i>Enforcement</i>	<i>Health</i>			
<b>Liabilities and Fund Balance:</b>						
Liabilities:						
Checks issued against						
future deposits	\$ 11,469,789	\$ -	\$ 548,955	\$ -	\$ 2,687,070	\$ 14,705,814
Accounts payable	320,615	29,551	220,987	1,686,067	682,728	2,939,948
Retainage payable	-	-	-	1,304,680	-	1,304,680
Accrued liabilities	880,329	316,791	122,002	-	548,722	1,867,844
Liability for						
estimated claims	385,885	-	-	-	-	385,885
Due to other						
governmental units	893,137	-	11,253	-	146,660	1,051,050
Other payables	18,009	-	9,674	-	-	27,683
Advances						
from funds (Note 4)	-	-	-	-	76,197	76,197
Unearned revenue	1,350,641	11,385,588	6,781	-	2,604,808	15,347,818
<b>Total Liabilities</b>	<b>15,318,405</b>	<b>11,731,930</b>	<b>919,652</b>	<b>2,990,747</b>	<b>6,746,185</b>	<b>37,706,919</b>
<b>Fund Balance:</b>						
Non-spendable	167,995	-	-	-	-	167,995
Restricted for:						
Budget Stabilization	2,500,000	-	-	-	-	2,500,000
Special Revenue Grants	-	-	34,219	-	4,325,733	4,359,952
Law Enforcement	-	829,154	-	-	-	829,154
Debt Service	-	-	-	-	238,032	238,032
Capital Projects	-	-	-	-	77,879	77,879
Committed for Planned Capital	4,293,928	-	-	18,387,782	-	22,681,710
Assigned to:						
Special Revenue Grants	-	-	-	-	15,246	15,246
Subsequent year's budget						
appropriation of fund balance	583,200	-	-	-	-	583,200
Unassigned	20,320,881	-	-	-	-	20,320,881
<b>Total Fund Balance</b>	<b>27,866,004</b>	<b>829,154</b>	<b>34,219</b>	<b>18,387,782</b>	<b>4,656,890</b>	<b>51,774,049</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 43,184,409</b>	<b>\$ 12,561,084</b>	<b>\$ 953,871</b>	<b>\$ 21,378,529</b>	<b>\$ 11,403,075</b>	<b>\$ 89,480,968</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Reconciliation of the Fund Balance of Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position

<i>December 31, 2012</i>	<i>Amount</i>
Total Fund Balance - Total governmental funds (from Page 26)	\$ 51,774,049
 <b>Amounts Reported for Governmental Activities in the Statement of Net Position are different because -</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Capital assets, at cost	105,457,371
Accumulated depreciation	<u>(37,220,338)</u>
Net capital assets	68,237,033
 Other long-term assets are not available to pay for current period expenditures and, therefore, are unearned in the funds. These assets consist of:	
Unearned taxes	12,736,229
Intergovernmental receivable	4,335,000
Bond discount	150,517
Bond issuance costs	242,832
 Internal Service Funds are used by management to charge the costs of certain activities such as Employee Benefits, Information Systems, Central Stores, and Technology Systems to individual funds. These assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	
	9,934,545
 Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Balances at December 31, 2012, were:	
Bonds payable	(33,350,000)
Net OPEB obligation	(8,474,420)
Compensated absences	(3,320,813)
Bond premium	(119,386)
Accrued interest on bonds	<u>(348,504)</u>
<b>Net Position of Governmental Activities</b>	<b>\$101,797,082</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2012	<i>Special Revenue</i>			<i>General County</i>		<i>Total Governmental Funds</i>
	<i>General</i>	<i>Law</i>		<i>Public Improvement Fund</i>	<i>Other Governmental Funds</i>	
		<i>Enforcement</i>	<i>Health</i>			
<b>Revenues:</b>						
Taxes	\$ 37,628,493	\$ 11,396,630	\$ -	\$ -	\$ 2,256,848	\$ 51,281,971
Licenses and permits	572,348	-	386,864	-	-	959,212
Intergovernmental	9,933,139	-	1,431,526	-	30,684,851	42,049,516
Charges for services	6,561,824	1,430	1,454,244	-	1,798,318	9,815,816
Fines and forfeitures	1,637,874	70,000	-	-	-	1,707,874
Interest	831,574	46,056	-	192,969	60,512	1,131,111
Other	1,309,439	-	36	-	93,589	1,403,064
Donations and contributions	9,885	-	5,895	-	1,094,580	1,110,360
<b>Total Revenues</b>	<b>58,484,576</b>	<b>11,514,116</b>	<b>3,278,565</b>	<b>192,969</b>	<b>35,988,698</b>	<b>109,458,924</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	11,435,756	1,888,849	-	-	-	13,324,605
Public safety	15,830,652	7,764,759	-	-	1,670,236	25,265,647
Public works	-	-	-	-	79,794	79,794
Health and welfare	5,153,624	-	5,251,283	-	26,307,514	36,712,421
Recreation and culture	300,457	-	-	-	3,121,622	3,422,079
Legislative	973,686	-	-	-	-	973,686
Judicial	12,232,555	1,541,546	-	-	4,672,259	18,446,360
Other	332,420	-	-	-	32,543	364,963
Community Economic Development	-	-	-	-	61,191	61,191
<b>Debt service:</b>						
Principal	-	-	-	-	1,720,000	1,720,000
Interest and other charges	-	-	-	-	1,462,091	1,462,091
Bond issuance costs	-	-	-	-	26,039	26,039
Capital outlay	1,270,951	221,475	-	19,273,824	1,062,699	21,828,949
<b>Total Expenditures</b>	<b>47,530,101</b>	<b>11,416,629</b>	<b>5,251,283</b>	<b>19,273,824</b>	<b>40,215,988</b>	<b>123,687,825</b>
<b>Excess (Deficiency) of</b>						
<b>Revenues Over Expenditures</b>	<b>10,954,475</b>	<b>97,487</b>	<b>(1,972,718)</b>	<b>(19,080,855)</b>	<b>(4,227,290)</b>	<b>(14,228,901)</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	1,846,296	-	1,972,718	10,684,186	5,156,731	19,659,931
Transfers out	(17,096,850)	(223,957)	-	-	(714,124)	(18,034,931)
Premium on refunding bonds	-	-	-	-	(15,500)	(15,500)
Payment to refunded bond escrow agent	-	-	-	-	(1,550,000)	(1,550,000)
Issuance of refunding bonds	-	-	-	-	1,195,000	1,195,000
<b>Total Other Financing Sources (Uses)</b>	<b>(15,250,554)</b>	<b>(223,957)</b>	<b>1,972,718</b>	<b>10,684,186</b>	<b>4,072,107</b>	<b>1,254,500</b>
<b>Net Change in Fund Balance</b>	<b>(4,296,079)</b>	<b>(126,470)</b>	<b>-</b>	<b>(8,396,669)</b>	<b>(155,183)</b>	<b>(12,974,401)</b>
<b>Fund Balance, beginning of year</b>	<b>32,162,083</b>	<b>955,624</b>	<b>34,219</b>	<b>26,784,451</b>	<b>4,812,073</b>	<b>64,748,450</b>
<b>Fund Balance, end of year</b>	<b>\$ 27,866,004</b>	<b>\$ 829,154</b>	<b>\$ 34,219</b>	<b>\$ 18,387,782</b>	<b>\$ 4,656,890</b>	<b>\$ 51,774,049</b>

*See accompanying notes to basic financial statements.*

## County of Kalamazoo, Michigan

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

<i>Year Ended December 31, 2012</i>	<i>Amount</i>
Net Change in Fund Balance - Total governmental funds (from Page 28)	\$ (12,974,401)
 <b>Amounts Reported for Governmental Activities in the Statement of Net Position are different because:</b>	
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 as depreciation expense.	19,482,912
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unearned taxes	(1,794,010)
Intergovernmental receivable	(1,365,000)
Bond proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Issuance of refunding bonds/notes	(1,195,000)
Bond issuance costs	29,500
Repayments	3,271,716
Bond premium amortization	50,206
Bond discount amortization	(7,589)
Bond issuance cost amortization	33,274
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:	
Accrued interest	(13,315)
Compensated absences	138,336
Loss on disposal of asset	(38,001)
Net OPEB obligation	(2,629,886)
Internal Service Funds are used by management to charge the costs of certain activities, such as Employee Benefits, Information Systems, Central Stores, and Technology Systems to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.	539,624
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 3,528,366</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Taxes	\$36,910,000	\$36,828,600	\$37,628,493	\$ 799,893
Licenses and permits	542,100	542,100	572,348	30,248
Intergovernmental	9,991,500	9,945,900	9,933,139	(12,761)
Charges for services	6,335,500	6,313,100	6,561,824	248,724
Fines and forfeitures	1,815,900	1,817,400	1,637,874	(179,526)
Interest	807,200	807,200	831,574	24,374
Other	1,381,600	1,384,600	1,309,439	(75,161)
Donations and contributions	5,500	5,500	9,885	4,385
<b>Total Revenues</b>	<b>57,789,300</b>	<b>57,644,400</b>	<b>58,484,576</b>	<b>840,176</b>
<b>Expenditures:</b>				
Current:				
General government	11,986,800	12,123,800	11,435,756	688,044
Public safety	16,252,200	16,341,400	15,830,652	510,748
Health and welfare	4,909,100	5,181,700	5,153,624	28,076
Recreation and culture	291,700	300,100	300,457	(357)
Legislative	1,009,100	997,700	973,686	24,014
Judicial	12,715,000	12,465,100	12,232,555	232,545
Other	4,557,700	5,422,200	332,420	5,089,780
Debt service - Capital outlay	887,600	2,606,600	1,270,951	1,335,649
<b>Total Expenditures</b>	<b>52,609,200</b>	<b>55,438,600</b>	<b>47,530,101</b>	<b>7,908,499</b>
<b>Excess of Revenues Over Expenditures</b>	<b>5,180,100</b>	<b>2,205,800</b>	<b>10,954,475</b>	<b>8,748,675</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,765,100	1,845,900	1,846,296	396
Transfers out	(9,945,200)	(17,421,500)	(17,096,850)	324,650
<b>Total Other Financing Uses</b>	<b>(8,180,100)</b>	<b>(15,575,600)</b>	<b>(15,250,554)</b>	<b>325,046</b>
<b>Net Change in Fund Balance</b>	<b>(3,000,000)</b>	<b>(13,369,800)</b>	<b>(4,296,079)</b>	<b>9,073,721</b>
<b>Fund Balance, beginning of year</b>	<b>32,162,083</b>	<b>32,162,083</b>	<b>32,162,083</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$29,162,083</b>	<b>\$18,792,283</b>	<b>\$27,866,004</b>	<b>\$ 9,073,721</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Law Enforcement Fund

### Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Taxes - Non-departmental	\$11,562,300	\$11,562,300	\$11,396,630	\$ (165,670)
Fines and forfeitures	70,000	70,000	70,000	-
Charges for services	-	-	1,430	1,430
Interest	20,600	20,600	46,056	25,456
Budgeted use of carryover	-	69,400	-	(69,400)
<b>Total Revenues</b>	<b>11,652,900</b>	<b>11,722,300</b>	<b>11,514,116</b>	<b>(208,184)</b>
<b>Expenditures -</b>				
Judicial:				
Circuit Court - Trial Division	534,400	508,000	508,525	(525)
Circuit Court - Family Division	546,700	542,700	535,364	7,336
District Court	494,800	494,800	497,657	(2,857)
<b>Total Judicial</b>	<b>1,575,900</b>	<b>1,545,500</b>	<b>1,541,546</b>	<b>3,954</b>
General Government - Prosecuting Attorney	1,826,400	1,890,900	1,888,849	2,051
Public Safety:				
Community Corrections	11,000	11,000	8,997	2,003
Sheriff - Admin/Support	328,900	328,900	365,463	(36,563)
Sheriff - Jail	4,923,400	4,906,600	4,888,085	18,515
Sheriff - Field Operations	2,111,300	2,111,300	2,131,409	(20,109)
Animal Services and Enforcement	367,700	376,400	370,805	5,595
<b>Total Public Safety</b>	<b>7,742,300</b>	<b>7,734,200</b>	<b>7,764,759</b>	<b>(30,559)</b>
Other - Contingencies	50,000	7,200	-	7,200
Capital Outlay	251,100	320,500	221,475	99,025
<b>Total Expenditures</b>	<b>11,445,700</b>	<b>11,498,300</b>	<b>11,416,629</b>	<b>81,671</b>
<b>Excess of Revenues Over Expenditures</b>	<b>207,200</b>	<b>224,000</b>	<b>97,487</b>	<b>(126,513)</b>
<b>Other Financing Uses -</b>				
Transfers out:				
Friend of the Court Fund	(20,000)	(20,000)	(20,000)	-
Child Care Probate Fund	(182,200)	(182,200)	(182,200)	-
Public Safety Special Grants Fund	(5,000)	(21,800)	(21,757)	43
<b>Total Other Financing Uses</b>	<b>(207,200)</b>	<b>(224,000)</b>	<b>(223,957)</b>	<b>43</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(126,470)</b>	<b>(126,470)</b>
<b>Fund Balance, beginning of year</b>	<b>955,624</b>	<b>955,624</b>	<b>955,624</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 955,624</b>	<b>\$ 955,624</b>	<b>\$ 829,154</b>	<b>\$ (126,470)</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Health Fund

### Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Federal Grants	\$ 98,000	\$ 97,200	\$ 201,956	\$ 104,756
State Grants	1,331,200	1,341,500	1,229,279	(112,221)
Local unit contributions	100	100	291	191
Donations and contributions	1,600	9,200	5,895	(3,305)
Charges for services	1,599,400	1,487,000	1,454,244	(32,756)
Licenses and permits	375,200	368,900	386,864	17,964
Other revenues	-	-	36	36
<b>Total Revenues</b>	<b>3,405,500</b>	<b>3,303,900</b>	<b>3,278,565</b>	<b>(25,335)</b>
<b>Expenditures -</b>				
Health and welfare	5,659,600	5,396,800	5,251,283	145,517
<b>Total Expenditures</b>	<b>5,659,600</b>	<b>5,396,800</b>	<b>5,251,283</b>	<b>145,517</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(2,254,100)</b>	<b>(2,092,900)</b>	<b>(1,972,718)</b>	<b>120,182</b>
<b>Other Financing Sources -</b>				
Transfers in:				
General Fund	2,254,100	2,092,900	1,970,592	(122,308)
Healthy Kids and Michigan Child	-	-	2,126	2,126
<b>Total Other Financing Sources</b>	<b>2,254,100</b>	<b>2,092,900</b>	<b>1,972,718</b>	<b>(120,182)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, beginning of year</b>	<b>34,219</b>	<b>34,219</b>	<b>34,219</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 34,219</b>	<b>\$ 34,219</b>	<b>\$ 34,219</b>	<b>\$ -</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Proprietary Funds Statement of Net Position

<i>December 31, 2012</i>	<i>Business-Type Activities - Enterprise Funds</i>				<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Tax Reversion</i>	<i>Total</i>	
<b>Assets:</b>					
Current assets:					
Cash (Note 3)	\$ 611,627	\$ 7,339,425	\$ 811,928	\$ 8,762,980	\$ 4,245,873
Investments (Note 3)	3,697,610	5,018,913	-	8,716,523	5,925,942
Receivables:					
Accounts	527,672	404,632	391,153	1,323,457	539,795
Taxes, delinquent	-	9,550,345	-	9,550,345	-
Interest	-	1,899,015	-	1,899,015	14,776
Due from other funds	-	-	-	-	16,966
Due from state of Michigan	6,287	-	-	6,287	-
Due from federal government	360,053	-	-	360,053	-
Inventories	46,805	-	-	46,805	94,114
Prepaid items	8,246	-	-	8,246	186,930
Total current assets	5,258,300	24,212,330	1,203,081	30,673,711	11,024,396
Noncurrent assets:					
Restricted assets:					
Cash (Note 3)	8,335	-	-	8,335	-
Accounts receivable	64,537	-	-	64,537	-
Bond discount	51,435	-	-	51,435	-
Bond issuance costs	81,942	-	-	81,942	-
Unearned loss	510,391	-	-	510,391	-
Land (Note 5)	3,868,097	-	-	3,868,097	-
Construction in progress (Note 5)	998,635	-	-	998,635	-
Capital assets, net of accumulated depreciation (Note 5)	54,729,974	-	-	54,729,974	765,604
Total noncurrent assets	60,313,346	-	-	60,313,346	765,604
<b>Total Assets</b>	<b>\$65,571,646</b>	<b>\$24,212,330</b>	<b>\$1,203,081</b>	<b>\$90,987,057</b>	<b>\$ 11,790,000</b>

# County of Kalamazoo, Michigan

## Proprietary Funds Statement of Net Position

	<i>Business-Type Activities - Enterprise Funds</i>				<i>Governmental Activities - Internal Service Funds</i>
<i>December 31, 2012</i>	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Tax Reversion</i>	<i>Total</i>	
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	\$ 176,010	\$ -	\$ 35,886	\$ 211,896	\$ 572,504
Due to other funds (Note 4)	-	-	-	-	137,473
Accrued liabilities	139,681	-	-	139,681	236,646
Liability for estimated claims	-	-	-	-	725,019
Deposits payable	13,717	-	-	13,717	40,121
Accrued interest	40,438	-	-	40,438	-
Unearned revenues	4,081	-	-	4,081	-
Current maturities of long-term debt (Note 6)	575,000	-	-	575,000	-
<b>Total current liabilities</b>	<b>948,927</b>	<b>-</b>	<b>35,886</b>	<b>984,813</b>	<b>1,711,763</b>
Noncurrent liabilities -					
General obligation limited tax bonds (Note 6)	6,945,000	-	-	6,945,000	-
<b>Total Liabilities</b>	<b>7,893,927</b>	<b>-</b>	<b>35,886</b>	<b>7,929,813</b>	<b>1,711,763</b>
<b>Net Position:</b>					
Investment in capital assets, net of related debt	52,076,706	-	-	52,076,706	765,604
Unrestricted	5,601,013	24,212,330	1,167,195	30,980,538	9,312,633
<b>Total Net Position</b>	<b>57,677,719</b>	<b>24,212,330</b>	<b>1,167,195</b>	<b>83,057,244</b>	<b>10,078,237</b>
<b>Total Liabilities and Net Position</b>	<b>\$65,571,646</b>	<b>\$24,212,330</b>	<b>\$1,203,081</b>	<b>\$90,987,057</b>	<b>\$ 11,790,000</b>
<b>Total Net Position</b>				<b>\$83,057,244</b>	
<b>Adjustment Reflecting Consolidation of Internal Service Fund Activities Related to Enterprise Funds</b>				<b>144,692</b>	
<b>Net Position of Business Type Activities</b>				<b>\$83,201,936</b>	

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Proprietary Funds Statement of Revenues, Expenses, and Change in Net Position

Year Ended December 31, 2012	<i>Business-Type Activities - Enterprise Funds</i>				<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Tax Reversion</i>	<i>Total</i>	
<b>Operating Revenues:</b>					
Charges for services:					
Airport concessions	\$ 745,368	\$ -	\$ -	\$ 745,368	-
Airfield maintenance	675,349	-	-	675,349	-
Airport terminal maintenance	1,027,952	-	-	1,027,952	-
Airport parking	1,391,603	-	-	1,391,603	-
Airport leases site and other income	86,616	-	-	86,616	-
Penalties and interest	-	2,038,897	-	2,038,897	-
Collection fees	-	624,678	1,040,019	1,664,697	24,132,114
<b>Total Operating Revenues</b>	<b>3,926,888</b>	<b>2,663,575</b>	<b>1,040,019</b>	<b>7,630,482</b>	<b>24,132,114</b>
<b>Operating Expenses:</b>					
Airport administration	1,024,954	-	-	1,024,954	-
Airfield maintenance	1,045,734	-	-	1,045,734	-
Airport building maintenance	776,079	-	-	776,079	-
Airport parking	512,555	-	-	512,555	-
Airport security	423,304	-	-	423,304	-
Depreciation	3,362,065	-	-	3,362,065	235,132
Employee benefits	-	-	-	-	20,865,343
Other	(5,329)	-	666,526	661,197	2,493,015
<b>Total Operating Expenses</b>	<b>7,139,362</b>	<b>-</b>	<b>666,526</b>	<b>7,805,888</b>	<b>23,593,490</b>
<b>Operating Income (Loss)</b>	<b>(3,212,474)</b>	<b>2,663,575</b>	<b>373,493</b>	<b>(175,406)</b>	<b>538,624</b>
<b>Nonoperating Revenues (Expenses):</b>					
Passenger facility charges	382,731	-	-	382,731	-
Interest income	12,802	9,445	-	22,247	-
Federal revenue	528,096	-	-	528,096	-
Interest expense and charges	(308,254)	-	-	(308,254)	-
<b>Total Nonoperating Revenues</b>	<b>615,375</b>	<b>9,445</b>	<b>-</b>	<b>624,820</b>	<b>-</b>
<b>Income (Loss) Before</b>					
Contributions and Transfers	(2,597,099)	2,673,020	373,493	449,414	538,624
Capital Contributions Received	1,066,540	-	-	1,066,540	-
Transfers Out	-	(1,200,000)	(425,000)	(1,625,000)	-
<b>Change in Net Position</b>	<b>(1,530,559)</b>	<b>1,473,020</b>	<b>(51,507)</b>	<b>(109,046)</b>	<b>538,624</b>
<b>Net Position, beginning of year</b>	<b>59,208,278</b>	<b>22,739,310</b>	<b>1,218,702</b>	<b>83,166,290</b>	<b>9,539,613</b>
<b>Net Position, end of year</b>	<b>\$57,677,719</b>	<b>\$24,212,330</b>	<b>\$1,167,195</b>	<b>\$83,057,244</b>	<b>\$ 10,078,237</b>
<b>Change in Net Position</b>				<b>\$ (109,046)</b>	
<b>Adjustment to Reflect Current Year Effect for Consolidation of Internal Service Fund Activities Related to Enterprise Funds</b>				<b>10,048</b>	
<b>Change in Net Position of Business Type Activities</b>				<b>\$ (98,998)</b>	

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2012	<i>Business-Type Activities - Enterprise Funds</i>				<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Tax Reversion</i>	<i>Total</i>	
<b>Operating Activities:</b>					
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ 24,137,679
Cash received from customers and users	4,432,879	5,420,337	1,075,719	10,928,935	-
Cash paid to employees	(984,296)	-	-	(984,296)	(979,431)
Cash paid for interfund services used	(411,215)	-	-	(411,215)	(2,319,352)
Cash paid to suppliers	(2,375,383)	-	(663,575)	(3,038,958)	(19,997,724)
<b>Cash Provided by Operating Activities</b>	<b>661,985</b>	<b>5,420,337</b>	<b>412,144</b>	<b>6,494,466</b>	<b>841,172</b>
<b>Capital and Related Financing Activities:</b>					
Capital contributions	1,066,540	-	-	1,066,540	-
Passenger facility charges	382,731	-	-	382,731	-
Acquisition of capital assets	(1,225,580)	-	-	(1,225,580)	(176,068)
Principal paid on debt	(380,000)	-	-	(380,000)	-
Interest and fiscal charges paid	(429,782)	-	-	(429,782)	-
<b>Cash Used in Capital and Related Financing Activities</b>	<b>(586,091)</b>	<b>-</b>	<b>-</b>	<b>(586,091)</b>	<b>(176,068)</b>
<b>Non-Capital Financing Activities:</b>					
Cash received from other governmental units	354,780	-	-	354,780	-
Transfers to other funds	-	(1,200,000)	(425,000)	(1,625,000)	-
<b>Cash Provided by (Used in) Non-Capital Financing Activities</b>	<b>354,780</b>	<b>(1,200,000)</b>	<b>(425,000)</b>	<b>(1,270,220)</b>	<b>-</b>
<b>Investing Activities:</b>					
Sale of investments	-	5,000,000	-	5,000,000	585,219
Purchase of investments	(12,333)	(10,000,019)	-	(10,012,352)	-
Interest received	93,247	9,445	-	102,692	-
<b>Cash Provided by (Used In) Investing Activities</b>	<b>80,914</b>	<b>(4,990,574)</b>	<b>-</b>	<b>(4,909,660)</b>	<b>585,219</b>
<b>Net Increase (Decrease) in Cash</b>	<b>511,588</b>	<b>(770,237)</b>	<b>(12,856)</b>	<b>(271,505)</b>	<b>1,250,323</b>
Cash, beginning of year	108,374	8,109,662	824,784	9,042,820	2,995,550
<b>Cash, end of year</b>	<b>\$ 619,962</b>	<b>\$ 7,339,425</b>	<b>\$ 811,928</b>	<b>\$ 8,771,315</b>	<b>\$ 4,245,873</b>
<b>Reconciliation of Cash to Statement of Net Position:</b>					
Cash	\$ 611,627	\$ 7,339,425	\$ 811,928	\$ 8,762,980	\$ 4,245,873
Restricted cash	8,335	-	-	8,335	-
<b>Total Cash at December 31, 2012</b>	<b>\$ 619,962</b>	<b>\$ 7,339,425</b>	<b>\$ 811,928</b>	<b>\$ 8,771,315</b>	<b>\$ 4,245,873</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Proprietary Funds Statement of Cash Flows (concluded)

Year Ended December 31, 2012	<i>Business-Type Activities - Enterprise Funds</i>				<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Tax Reversion</i>	<i>Total</i>	
<b>Reconciliation of Operating Income (Loss) to Cash Provided by Operating Activities:</b>					
Operating income (loss)	\$(3,212,474)	\$ 2,663,575	\$ 373,493	\$ (175,406)	\$ 538,624
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	3,362,065	-	-	3,362,065	235,132
Loss on disposal	-	-	-	-	15,197
(Increase) decrease in:					
Accounts receivable	(115,461)	122,697	35,700	42,936	(59,766)
Taxes receivable	-	2,129,170	-	2,129,170	-
Penalties and interest receivable	-	504,895	-	504,895	82,297
Due from state of Michigan	621,452	-	-	621,452	-
Due from other funds	-	-	-	-	(16,966)
Inventories	(838)	-	-	(838)	226
Prepaid items	27,414	-	-	27,414	(29,430)
Increase (decrease) in:					
Deposits payable	2,679	-	-	2,679	6,663
Accounts payable	7,904	-	2,951	10,855	85,137
Checks issued against future deposits	(11,510)	-	-	(11,510)	-
Due to other funds	-	-	-	-	48,086
Accrued expenses	(3,504)	-	-	(3,504)	15,570
Unearned revenue	(15,742)	-	-	(15,742)	(447)
Liability for estimated claims	-	-	-	-	(79,151)
<b>Cash Provided by Operating Activities</b>	<b>\$ 661,985</b>	<b>\$ 5,420,337</b>	<b>\$ 412,144</b>	<b>\$ 6,494,466</b>	<b>\$ 841,172</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2012	Primary Government			
	Trust Funds			
	Retiree Health Care Trust Fund	Pension Trust Fund	Cemetery Trust Fund	Agency Funds
<b>Assets:</b>				
Cash and money market funds (Note 3)	\$ 9,622,972	\$ 4,580,455	\$ 4,653	\$ 29,385
Receivables:				
Interest and dividends	245,057	326,803	-	-
Employer contributions (Note 4)	-	120,507	-	-
Accounts	105,684	20,929	-	315
Other assets	304,395	-	-	-
Prepaid expenses	74,722	-	-	-
Investments, at fair value (Note 3):				
Mutual funds	-	74,095,343	-	-
Common trust funds	-	50,305,325	-	-
Corporate bonds	-	11,147,525	-	-
U.S. government securities	-	23,770,264	-	-
Real estate pooled separate account	-	4,701,404	-	2,000,000
Pooled mortgages	-	7,614,042	-	-
<b>Total Assets</b>	<b>\$10,352,830</b>	<b>\$ 176,682,597</b>	<b>\$ 4,653</b>	<b>\$ 2,029,700</b>
<b>Liabilities:</b>				
Vouchers and accounts payable	\$ 2,305	\$ 3,185,215	\$ -	\$ -
Due to other governmental units	-	-	-	824,287
Benefits payable	-	1,183,638	-	-
Other payables	-	-	725	1,205,413
Accrued liabilities	125,269	-	-	-
<b>Total Liabilities</b>	<b>127,574</b>	<b>4,368,853</b>	<b>725</b>	<b>2,029,700</b>
<b>Net Position -</b>				
Held in trust:				
Other post-retirement benefits	10,225,256	-	-	-
Employees' pension benefits	-	172,313,744	-	-
Individuals and organizations	-	-	3,928	-
<b>Total Net Position</b>	<b>10,225,256</b>	<b>172,313,744</b>	<b>3,928</b>	<b>-</b>
<b>Total Liabilities and Net Position</b>	<b>\$10,352,830</b>	<b>\$ 176,682,597</b>	<b>\$ 4,653</b>	<b>\$ 2,029,700</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Component Units Combining Statement of Net Position

Year Ended December 31, 2012	<i>Primary Government</i>		
	<i>Trust Funds</i>		
	<i>Retiree Health Care Trust Fund</i>	<i>Pension Trust Fund</i>	<i>Cemetery Trust Fund</i>
<b>Additions:</b>			
Investment income:			
Interest and dividends	\$ 682,683	\$ 1,323,855	\$ -
Income on pooled separate accounts	-	339,699	-
Income on mutual funds	-	3,732,486	-
Net appreciation in fair value of investments	-	18,227,462	-
Retiree drug subsidy	43,189	-	-
Less investment expense	-	(612,113)	-
<b>Net investment income</b>	<b>725,872</b>	<b>23,011,389</b>	<b>-</b>
<b>Contributions:</b>			
Employer	3,410,606	2,977,544	-
Participant	577,944	56,328	-
<b>Total contributions</b>	<b>3,988,550</b>	<b>3,033,872</b>	<b>-</b>
Cash over/short	137	-	-
<b>Total Additions</b>	<b>4,714,559</b>	<b>26,045,261</b>	<b>-</b>
<b>Deductions:</b>			
Benefit payments	3,255,954	9,234,308	-
Stop loss expense	134,317	-	-
Administrative expenses	226,127	411,850	-
<b>Total Deductions</b>	<b>3,616,398</b>	<b>9,646,158</b>	<b>-</b>
<b>Change in Net Position</b>	<b>1,098,161</b>	<b>16,399,103</b>	<b>-</b>
<b>Net Position, beginning of year</b>	<b>9,127,095</b>	<b>155,914,641</b>	<b>3,928</b>
<b>Net Position, end of year</b>	<b>\$ 10,225,256</b>	<b>\$172,313,744</b>	<b>\$ 3,928</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Component Units Combining Statement of Net Position

	September 30, 2012						September 30, 2012	Total
December 31, 2012	Kalamazoo County Land Bank Authority	Kalamazoo County Road Commission	Kalamazoo Health and Substance Abuse Services	At-Large Drains	DHS/ Child Care Welfare	Lake Level Fund	Transportation Authority	
<b>Assets:</b>								
Cash	\$ 257,190	\$ 2,512,011	\$ 9,147,872	\$ 1,033,658	\$ 19,774	\$ -	\$ 2,884,063	\$ 15,854,568
Investments	-	-	11,763,919	-	-	-	-	11,763,919
Accounts receivable	79,017	405,547	2,785,937	-	-	-	375,843	3,646,344
Accounts receivable - Unlevied assessments	-	-	-	53,256	-	180	-	53,436
Due from state of Michigan	-	2,079,216	271,075	-	-	-	-	2,350,291
Due from affiliates	-	-	-	-	212,100	-	-	212,100
Inventory	6,261,669	1,137,861	-	-	-	-	-	7,399,530
Prepaid expenses	5,456	157,238	696,664	-	-	-	-	859,358
Land	-	20,857,806	760,053	-	-	-	-	21,617,859
Capital assets, net of accumulated depreciation	-	96,022,140	2,623,376	-	-	-	-	98,645,516
Other assets	-	474,049	122,279	-	-	-	-	596,328
<b>Total Assets</b>	<b>\$ 6,603,332</b>	<b>\$ 123,645,868</b>	<b>\$ 28,171,175</b>	<b>\$ 1,086,914</b>	<b>\$ 231,874</b>	<b>\$ 180</b>	<b>\$ 3,259,906</b>	<b>\$ 162,999,249</b>
<b>Liabilities:</b>								
Accounts payable	\$ 558,473	\$ 1,018,258	\$ 7,830,346	\$ 5,679	\$ -	\$ -	\$ 712,796	\$ 10,125,552
Accrued liabilities	5,007	294,236	1,024,560	-	-	-	5,374	1,329,177
Due to state of Michigan	-	-	1,986,746	-	-	-	-	1,986,746
Due to providers	-	-	888,406	-	-	-	-	888,406
Unearned revenue	-	-	1,865,943	-	231,874	-	-	2,097,817
Kalamazoo Area Transportation Study	-	9,560	-	-	-	-	-	9,560
Noncurrent liabilities - Due within one year	-	-	874,275	53,256	-	180	-	927,711
<b>Total Liabilities</b>	<b>563,480</b>	<b>1,322,054</b>	<b>14,470,276</b>	<b>58,935</b>	<b>231,874</b>	<b>180</b>	<b>718,170</b>	<b>17,364,969</b>
<b>Net Position:</b>								
Invested in capital assets, net of related debt	-	116,879,946	3,383,429	-	-	-	-	120,263,375
Restricted	6,039,852	-	4,637,443	-	-	-	-	10,677,295
Unrestricted	-	5,443,868	5,680,027	1,027,979	-	-	2,541,736	14,693,610
<b>Total Net Position</b>	<b>6,039,852</b>	<b>122,323,814</b>	<b>13,700,899</b>	<b>1,027,979</b>	<b>-</b>	<b>-</b>	<b>2,541,736</b>	<b>145,634,280</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,603,332</b>	<b>\$ 123,645,868</b>	<b>\$ 28,171,175</b>	<b>\$ 1,086,914</b>	<b>\$ 231,874</b>	<b>\$ 180</b>	<b>\$ 3,259,906</b>	<b>\$ 162,999,249</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Component Units Combining Statement of Activities

Year Ended December 31, 2012	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Component Units (Note 1):</b>				
Kalamazoo County Land Bank Authority	\$ 1,583,067	\$ 78,600	\$ 4,737,741	\$ 7,825
Road Commission - Highways and Streets	17,522,844	156,912	12,911,394	5,445,447
Kalamazoo Community Mental Health and Substance Abuse Services - September 30, 2012 Health and Welfare	128,606,025	2,226,042	122,822,816	-
At-Large Drains	76,252	-	-	-
Transportation Authority - September 30, 2012	3,075,000	-	-	-
DHS/Child Care Welfare	2,620,997	59,591	1,093,173	-
<b>Total Component Units</b>	<b>\$153,484,185</b>	<b>\$2,521,145</b>	<b>\$141,565,124</b>	<b>\$ 5,453,272</b>

General Revenues:

Unrestricted investment earnings  
Other

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**Total General Revenues**

**Change in Net Position**

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**Net Position, beginning of year**

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**Net Position, end of year**

# County of Kalamazoo, Michigan

## Component Units Combining Statement of Activities

<i>Net Revenue (Expense) and Changes in Net Position</i>						
<i>Kalamazoo County Land Bank Authority</i>	<i>Kalamazoo County Road Commission</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>	<i>At-Large Drains</i>	<i>DHS/ Child Care Welfare</i>	<i>Transpor- tation Authority</i>	<i>Total</i>
\$3,241,099	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,241,099
-	990,909	-	-	-	-	990,909
-	-	(3,557,167)	-	-	-	(3,557,167)
-	-	-	(76,252)	-	-	(76,252)
-	-	-	-	-	(3,075,000)	(3,075,000)
-	-	-	-	(1,468,233)	-	(1,468,233)
3,241,099	990,909	(3,557,167)	(76,252)	(1,468,233)	(3,075,000)	(3,944,644)
965	-	67,570	1,681	-	4,997	75,213
100,000	31,922	1,550,400	74,352	1,468,233	3,134,660	6,359,567
100,965	31,922	1,617,970	76,033	1,468,233	3,139,657	6,434,780
3,342,064	1,022,831	(1,939,197)	(219)	-	64,657	2,490,136
2,697,788	121,300,983	15,640,096	1,028,198	-	2,477,079	143,144,144
\$6,039,852	\$122,323,814	\$13,700,899	\$1,027,979	\$ -	\$2,541,736	\$145,634,280

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements

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### 1. Description of the County

The County of Kalamazoo, Michigan (the County) was organized as a county by the territorial legislation and approved by the governor on July 30, 1830. The County is a municipal corporation governed by the elected 17 member Board of Commissioners (the County Board). The County provides the following services: public safety, health and social services, judicial, recreation and culture, public improvements, and general governmental administrative services.

The Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS) and the Kalamazoo County Transportation Authority (the Authority), discretely presented component units, are maintained and included in the accompanying financial statements on a September 30 fiscal year basis. These funds have adopted a different fiscal year to be consistent with the fiscal period of their grantor agencies.

### 2. Summary of Significant Accounting Policies

#### *Reporting Entity*

These financial statements present the County (primary government) and its component units. The criteria established by the Governmental Accounting Standards Board (GASB) for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. Blended component units, although legally separate entities, are part of the County's operations and data from these units are combined with data of the primary government. Each discretely presented component unit is reported in a separate column to emphasize it is legally separate from the County. Each blended and discretely presented component unit has a December 31 year-end, except for the KCMHSAS and the Authority, which have September 30 year-ends.

#### *Blended Component Unit*

#### *Building Authority*

The Kalamazoo County Building Authority is governed by a five-member board of directors appointed by the County Board. 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.

#### *Discretely Presented Component Units*

These component units are reported in a separate column to emphasize that, while legally separate, the County remains financially accountable for the entities or the nature and significance of the relationship between these entities and the County is such that exclusion of these entities would render the financial statements misleading or incomplete. They are not blended component units under Generally Accepted Accounting Principles (GAAP) because the component unit's governing body is not substantially the same as the primary government, and the benefits provided to entities other than the County are significant.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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### *Road Commission*

The Kalamazoo County Road Commission, established pursuant to the County road law (MCL 224.1), is governed by a County Board appointed three-member Board of County Road Commissioners. The Kalamazoo County Road Commission may not issue debt or levy a tax without the approval of the County Board. If approval is granted, road commission taxes are levied under the taxing authority of the County, as approved by the County electors, and would be included as part of the County's total tax levy, as well as reported in the County Road Fund. Complete financial statements can be obtained from the County Road Commission's administrative office.

### *Economic Development Corporation*

The Economic Development Corporation (EDC), established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a nine-member board of directors appointed by the County Board. The EDC may not issue debt without the County Board approval. The EDC had no financial activity in 2012 and is therefore excluded from the Component Units Combining Statements of Net Position and Activities.

### *Department of Human Services*

The Department of Human Services accounts for assistance provided to eligible recipients and the administering of various county, state, and federal programs. Financing is provided through the various state and federal program grants and General Fund appropriations. The board consists of one member appointed by the director of the State Department of Human Services and two members appointed by the County Board. Separate financial statements are not prepared.

### *Transportation Authority*

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

### *County Drain Commission*

Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage, and dispose of real and personal property, etc. The statutory drainage board of Chapter 20 (MCL 280.461 et seq.) drainage districts consists of the drain commissioner, the chair of the County Board, and one other member of the County Board. The statutory drainage board of Chapter 5 (MCL 280.101 et seq.) and Chapter 6 (MCL 280.121 et seq.) drainage districts consists of the state director of agriculture and the drain commissioner of each county involved in the project.

The County drain commissioner has sole responsibility to administer the drainage district established pursuant to Chapter 3 (MCL 280.51 et seq.) and Chapter 4 (MCL 280.71 et seq.) of the Drain Code. The drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board. The full faith and credit of the County may be given for the debt of the drainage district. Under the provisions of Chapter 21 (MCL 280.511 et seq.) drainage districts, an augmented drainage board is created for each petitioned project, consisting of members of the drainage board together with the chairperson of the County Board. The statutory drainage board of Chapter 8 (MCL 280.191 et seq.) drainage districts consists of the drain commissioner, the state director of agriculture, and commissioners of each county involved. Separate financial statements are not prepared.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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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. This fund is new in 2012.

### *Kalamazoo Community Mental Health and Substance Abuse Services*

The Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS) was created by the County Board to operate, control, and manage an integrated behavioral healthcare system in order to serve the County. Prior to 1997, revenues and expenses, and the resultant assets, liabilities, and equity were blended with governmental funds of the primary government. KCMHSAS is governed by its board, appointed by the County Board. The primary government also provides financial support annually to KCMHSAS. Their fiscal year end is September 30.

### *Kalamazoo County Land Bank Authority*

The Kalamazoo County Land Bank Authority, 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. Complete financial statements may be obtained from the Kalamazoo County Land Bank Authority's administration office.

Complete financial statements of the Kalamazoo County Road Commission, the Kalamazoo Community Mental Health and Substance Abuse Services, the Kalamazoo County Land Bank Authority, and the Kalamazoo County Transportation Authority may be obtained from their individual administrative offices.

### **Administrative Offices**

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

Kalamazoo Community Mental Health and Substance Abuse Services  
3299 Gull Road, P.O. Box 63  
Kalamazoo, Michigan 49048

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

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

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# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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### *Basis of Presentation*

#### *Government-Wide Financial Statements*

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 although interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

#### *Fund Financial Statements*

The fund financial statements provide information about the County's funds. 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 statement.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available, it is the County's policy to use restricted resources first.

The County reports the following major governmental funds:

*General Fund* - This fund is the County's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

*Law Enforcement Fund* - This fund accounts for specific revenue derived from special voter 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.

*Health Fund* - This fund was established to account 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.

*General County Public Improvement Fund* - This 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 reports the following enterprise funds:

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

*Tax Reversion Fund* - This fund accounts for the sale proceeds and the authorized expenditures from the proceeds for forfeited property recovered for delinquent property taxes if the property is not redeemed. Revenues are generated from fees and sales receipts of properties.

*Delinquent Tax Revolving Fund* - This 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 Basic Financial Statements (continued)

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Additionally, the County reports the following fund types:

*Special Revenue Funds* - These funds are used to account for specific revenue derived from state and federal grants, General Fund appropriations, and charges for services that are to be expended for specific purposes as dictated by legal, regulatory, or administrative requirements.

*Debt Service Funds* - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and fiscal charges on long-term debt issued to fund various capital projects.

*Capital Projects Funds* - These funds are used to account for the acquisition or construction of major facilities other than those financed by Proprietary Fund operations.

*Internal Service Funds* - These funds account for the employee benefits/programs, technology, document, and facility activities provided to other departments or funds on a cost reimbursement basis.

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

*Cemetery Trust Fund* - This 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.

*Retiree Healthcare Trust Fund* - This fund accounts for the accumulation of resources to be used for payments for the County's post-employment healthcare benefits.

*Agency Funds* - These funds account for money collected and held by the County in a custodian capacity. Funds primarily represent taxes and court fees to be distributed to other governmental units or private entities.

### ***Measurement Focus and Basis of Accounting***

*Government-Wide, Proprietary, and Fiduciary Fund* financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds account for net position held on behalf of others are purely custodial (assets equal liabilities and do not include the measurement of results of operations). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*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 available if they are collected within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the County considers revenues 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. Taxes, intergovernmental revenues, and interest associated with the current period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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All governmental and business-type activities and enterprise funds of the County follow applicable accounting and financial reporting standards of the Financial Accounting Standards Board issued through November 30, 1989, unless those pronouncements conflict with Governmental Accounting Standards Board pronouncements. The County has elected not to apply *FASB pronouncements issued* after November 30, 1989, to enterprise funds.

### *Cash, Cash Equivalents, and Investments*

Cash includes both individual and pooled accounts. Within the pooled accounts, certain funds have a negative balance. This practice allows the County to borrow internally instead of externally. Generally, these borrowings are short-term and will be reimbursed through current taxes receivable collections and reimbursements from the state of Michigan, therefore, interest is not charged on these interfund borrowings.

For purposes of the Statement of Cash Flows, demand deposits and certain liquid investment pools are considered cash equivalents.

All investments are reported at fair value, with changes in value recognized in the operating statement of each fund. Realized gains and losses are included in earnings. Currently, investments of all funds, except those of the Kalamazoo County Employees' Retirement System (the System), a trust fund type, consist of money market funds, certificate of deposits, government securities, and commercial paper, maturing not more than 270 days after date of purchase.

### *Interfund Transactions*

All outstanding balances between funds are reported as "due to/from other funds." Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate the non-current portion of advances that are not available for appropriation and are not expendable available financial resources.

### *Inventories and Prepaid Expenditures*

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 cost of governmental fund type inventories is 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.

### *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. Assets having a useful life in excess of three years and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at their market value as of the donation date. Infrastructure assets, including roads, bridges, and traffic signals have been included as current year acquisitions by the Kalamazoo County Road Commission. Retroactive reporting of infrastructure by the Kalamazoo County Road Commission was implemented in 2003.

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

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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Property, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives.

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

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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, 2012.

### ***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.

Restricted assets in the Airport Fund relate to grant proceeds and bond proceeds restricted for airport construction and passenger facility charges restricted for debt service payments.

### ***Property Taxes***

Local Units of the County assess property values on December 31 annually. Due to the implementation of State of Michigan Public Act 357 of 2004, the County's general operating tax was levied on July 1, 2012 (summer tax). The remaining Law Enforcement Fund and Juvenile Home Building Project Fund property taxes were levied on December 1, 2011 (winter tax). An enforceable lien is attached on the property on the date which the taxes were levied. Taxes not paid by February 28 of the following year are added to the County's delinquent tax rolls. Summer and winter property taxes were levied for the General Fund, Law Enforcement Fund, and Juvenile Home Fund, based on a rate of approximately 6.3596 mills and a total taxable value of real and personal property of \$7,902,294,649.

The County levied \$36,283,803 for the General Fund summer property tax. Amounts collected prior to March 1, 2013, were available for use and recorded as property tax revenues in 2012. Any amounts not collected were deferred for use for the year ended December 31, 2012.

The County levied winter property taxes of \$1,729,385 and \$11,328,842 for the Juvenile Home Fund and Law Enforcement Fund, respectively. Winter property taxes for the Juvenile Home Fund and Law Enforcement Fund are deferred and budgeted for use for the year ended December 31, 2012. The County collected a total of approximately \$1,574,000 of the Juvenile Home Fund and Public Safety Fund winter taxes in 2011, which were recorded in revenues in January, 2012.

### ***Contributions and Appropriations***

Contributions and appropriations between funds are accounted for as transfers.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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### *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. Only the matured liability is reported in the governmental funds financial statements.

### *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 types statement of net position.

In the fund financial statements, governmental fund types recognized bond premiums and discounts as well as issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

Long-term obligations consist of special assessment debt and general obligation debt where the full faith, credit, and resources of the County have been pledged. The purpose for which the debt was issued includes local unit water, sewage, and drain systems where the County does not own the assets and the County capital projects where the County does own the assets. The County does not include debt in the calculation of net position invested in capital assets, net of related debt if the assets are not owned.

### *Net Position*

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

### *Fund Balance*

Fund balance represents the difference between assets and liabilities in the governmental fund financial statements. The new fund balance categories are:

- *Nonspendable* - Includes items that are not in a spendable form because they are either legally or contractually required to be maintained intact. The County reports nonspendable fund balance for inventories and prepaid expenditures.
- *Restricted* - Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- *Committed* - Includes items committed by the County Commissioners, by resolution of the Commission. Commitments may be modified or rescinded by similar resolution.
- *Assigned* - Intended to be used for specific purposes but does not meet the criteria for restricted or committed fund balance. The Board of Commissioners is authorized to assign amounts to a specific purpose.
- *Unassigned* - The residual fund balance of the General Fund.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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The County's spending policy considers restricted fund balance will be spent first when both restricted and unrestricted fund balances are available. When expenditures are recorded using unrestricted fund balances, assigned amounts are spent first, then unassigned amounts.

### *Budgets and Budgetary Accounting*

The County Board annually adopts budgets on a basis consistent with GAAP for its General Fund and Special Revenue Funds. State statutes do not require legally adopted budgets for Debt Service Funds or Capital Projects Funds.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control is the department or activity level. Budgetary accounts are formally integrated within the accounting records and are used to control expenditures so that budget limitations are not exceeded. Management is not authorized to make budget adjustments between categories of budgets. All budget amendments must be approved by the County Board. Budget amendments, both individually and in total, were not material in relation to the original appropriations. All unexpended appropriations lapse at year-end.

### *Use of Estimates*

The preparation of financial statements requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### *Risk Management*

The County and its component units are exposed to various risks of loss related to general liability, property and crime, workers' compensation, and employee health and medical claims.

The County reports risk management related to general liability, property, and crime incidents primarily in its General Fund. To the extent possible, the General Fund recovers a portion of its risk management costs from all other funds through an indirect cost allocation plan. Risk management related to the operation of the Kalamazoo-Battle Creek International Airport, is reported in the Enterprise Fund of the County.

The County reports risk management related to workers' compensation and employee health and medical incidents in the Employee Benefit Fund (an Internal Service Fund). All funds of the County participate in the Internal Service Funds. This fund allocates the cost of purchasing commercial insurance and sets aside assets for claim settlement by charging a "premium" to each fund based on the level of payroll recorded.

The Kalamazoo County Road Commission and the Kalamazoo Community Mental Health and Substance Abuse Services report all risk management in their operating (general) fund. All other component units participate, to the extent possible, in the indirect cost allocation plan of the primary government.

### *Subsequent Events*

Management has evaluated the period from January 1, 2013, through June 19, 2013, the date the financial statements were available for issuance, for subsequent events requiring recognition or disclosure in the financial statements. During the period, no material recognizable subsequent events were identified.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

### 3. Deposits and Investments

#### *Primary Government*

The County's treasurer has custody and authority to make investment decisions for the County Road Commission, Child Care Welfare and At-Large Drains component units. As such, the deposits and investments of these component units are subject to the County's investment policy. The Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS) and the Kalamazoo County Land Bank Authority have custody over their deposits and investments and are subject to their investment policies. On October 1, 2010, the City of Kalamazoo became the Transportation Authority's fiduciary.

**Deposits** - State statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also insured by an agency of the United States.

The County's investment policy complies with state statutes and has no additional limitations on deposits.

**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 recovered. The County does not have a policy for mitigating custodial credit risk over deposits.

At December 31, 2012, \$63,303,994 of the County's bank balances of \$68,082,383 which includes deposits of the component units under the control of the County's treasurer, were exposed to custodial credit risk as follows:

	<i>Checking, Savings, and Money Market</i>	<i>Certificates of Deposit</i>	<i>Total</i>
<b>Uninsured and Uncollateralized:</b>			
County	\$ 39,435,318	\$ 20,315,260	<b>\$59,750,578</b>
County Road Commission	2,519,971	-	<b>2,519,971</b>
At-Large Drains	1,033,445	-	<b>1,033,445</b>
<b>Total Uninsured and Uncollateralized</b>	<b>\$ 42,988,734</b>	<b>\$20,315,260</b>	<b>\$63,303,994</b>

At September 30, 2012, \$9,307,178 of KCMHSAS' bank balances of \$21,321,780 were exposed to custodial credit risk.

At September 30, 2012, \$2,133,315 of KCTA's bank balances of \$2,633,315 were exposed to custodial credit risk.

**Investments** - State statutes authorize the County to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper, bankers' acceptances of the United States banks, obligations of the state of Michigan or any of its political subdivisions, and mutual funds composed entirely of the above investments.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

The County's investment policy complies with the state statutes and has no additional investment restrictions that would limit its investment choices. As of December 31, 2012, the County had the following investments and maturities:

	<i>Investment Maturities - In Years</i>				
	<i>Fair Value</i>	<i>Less Than 1</i>	<i>1-5</i>	<i>6-10</i>	<i>10+</i>
Debt Securities	\$ 30,896,791	\$ -	\$ 12,641,924	\$ 6,342,405	\$ 11,912,462
Money Market	21,982,165	21,982,165	-	-	-
Stock	31,516	31,516	-	-	-
<b>Total</b>	<b>\$52,910,472</b>	<b>\$22,013,681</b>	<b>\$12,641,924</b>	<b>\$6,342,405</b>	<b>\$11,912,462</b>

KCMHSAS' investment policy complies with the state statutes and has no additional investment restrictions that would limit its investment choices. As of September 30, 2012, KCMHSAS had the following investments and maturities:

	<i>Investment Maturities</i>	
	<i>Fair Value</i>	<i>Less Than One Year</i>
Money Market	\$ 127,420	\$ 127,420

**Interest Rate Risk - Investments** - Under state statutes, investment in commercial paper is limited to maturities of not more than 270 days after the date of purchase. The County's investment policy does not place any further limitations on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

KCMHSAS' investment policy complies with the state guidelines and seeks to minimize interest rate risk by investing primarily in short-term securities, liquid assets, money market funds or similar investment pools and limiting average maturities. The policy does not place specific limitations on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Custodial Credit Risk - Investments** - Custodial credit risk is the risk that, in the event of a failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County requires all security transactions to be held by a third party custodian to be evidenced by safekeeping receipts. The County does not have any additional policies for mitigating custodial credit risk over investments.

KCMHSAS requires securities held by a third party custodian to be evidenced by safekeeping receipts. KCMHSAS does not have any additional policies for mitigating custodial credit risk over investments.

**Credit Risk** - Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. State statutes limits investments in commercial paper to be rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Investments in obligations of the state of Michigan or its political subdivisions must be rated as investment grade by not less than one rating service. Investments in bonds, obligations, or repurchase agreements must be made with the U.S. Treasury and bankers' acceptances with United States banks. The County's investment policy limits investments to be made with prudent judgment as to the safety of the invested capital and probable outcome of income.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

At December 31, 2012, the County's investments had the following credit ratings:

<i>Debt Investments</i>	<i>Fair Value</i>	<i>S&amp;P Rating</i>					<i>No Rating</i>
		<i>AAA</i>	<i>AA</i>	<i>A</i>	<i>BBB</i>	<i>No Rating</i>	
Federal Home Loan Bank (FHLB)	\$ 2,489,197	\$ 503,360	\$ 1,985,837	\$ -	\$ -	\$ -	-
Federal Home Loan							
Mortgage Corporation (FHLMC)	1,993,387	-	1,993,387	-	-	-	-
Federal National							
Mortgage Association (FNMA)	3,679,487	-	3,679,487	-	-	-	-
Allen Park - TXB-A	723,448	-	-	352,663	370,785	-	-
Alpena MI RegI Med	779,684	-	-	-	-	779,684	-
Avondale School District - TXB	102,902	102,902	-	-	-	-	-
Berrien County	475,974	-	475,974	-	-	-	-
Byron Center Schools	499,636	-	499,636	-	-	-	-
Calhoun TXB BKD	183,672	-	183,672	-	-	-	-
Colon Schools	248,472	-	248,472	-	-	-	-
Grand Rapids- Bld	560,190	-	560,190	-	-	-	-
Hartland Consolidated							
School District	598,879	-	598,879	-	-	-	-
Howell - TXB-Babs	138,098	-	-	-	-	138,098	-
Kalamazoo Cap	214,519	-	214,519	-	-	-	-
Kalamazoo Schools - B	572,378	-	572,378	-	-	-	-
Kalamazoo- WTR-SU- R	52,939	-	52,939	-	-	-	-
Kalamazoo- RF- DOW	381,070	-	381,070	-	-	-	-
Kalkaska Schools	559,189	-	-	559,189	-	-	-
Kent Hospital	1,042,631	-	1,042,631	-	-	-	-
Lansing Charter-Ref	926,584	-	-	926,584	-	-	-
Macomb Bldg-A-RE	958,509	958,509	-	-	-	-	-
Michigan Fin D - Loc Gov	502,405	-	-	502,405	-	-	-
Michigan Housing Development	898,186	-	898,186	-	-	-	-
Michigan Municipal Bond	1,159,379	621,771	272,275	265,333	-	-	-
Michigan State	899,430	-	899,430	-	-	-	-
Michigan State - TXB	1,051,795	-	1,051,795	-	-	-	-
Michigan Taxable Service	325,084	-	325,084	-	-	-	-
Oakland County - Bld	1,020,749	1,020,749	-	-	-	-	-

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

<i>Debt Investments</i>	<i>Fair Value</i>	<i>S&amp;P Rating</i>				
		<i>AAA</i>	<i>AA</i>	<i>A</i>	<i>BBB</i>	<i>No Rating</i>
Oakland County - MI Ctfs Partn	692,998	-	692,998	-	-	-
Oakland Schools	860,846	-	860,846	-	-	-
Roseville School District	577,663	-	577,663	-	-	-
St Clair - Ref	1,878,423	1,878,423	-	-	-	-
St Johns Schools - QS	269,892	-	269,892	-	-	-
University of Michigan Revs	304,256	304,256	-	-	-	-
Van Dyke School	631,476	-	-	-	-	631,476
Warren	1,401,214	-	1,401,214	-	-	-
Wayne Charter County	1,242,150	267,340	-	121,334	853,476	-
<b>Totals by Rating</b>	<b>\$ 30,896,791</b>	<b>\$ 5,657,310</b>	<b>\$ 19,738,454</b>	<b>\$ 2,727,508</b>	<b>\$ 1,224,261</b>	<b>\$ 1,549,258</b>

KCMHSAS' investment policy limits investments to be made with prudent judgment as to the safety of the invested capital and probable outcome of income. At September 30, 2012, the General Electric commercial paper had a Standard & Poor's rating of A-1+ and the AIG commercial paper had a Standard & Poor's rating of A-1.

**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 County's investment policy requires the treasurer to diversify investments by security type and institution. With the exception of U.S. Treasury securities, no more than 60% of the total investment portfolio will be invested in a single security type or with a single financial institution. As of December 31, 2012, the County had no concentration of credit risk.

Except for U.S. Treasury securities and authorized investment pools, KCMHSAS limits the amount invested in a single security type or single financial institution to be no more than 60% of the total portfolio. At September 30, 2012, KCMHSAS had no concentration of credit risk.

### **Retirement System**

**Deposits** - State statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also insured by an agency of the United States.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

The Kalamazoo County Employees' Retirement System's (the System's) investment policy complies with state statutes and has no additional limitations on deposits.

**Custodial Credit Risk - Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits might not be recovered. The System does not have a policy for mitigating custodial credit risk over deposits. At December 31, 2012, the System had deposit balances of \$4,580,455, all of which were uninsured and uncollateralized.

**Investments - Interest Rate Risk** - The fixed income portfolio is structured to provide stability and cash flow to the System. To minimize interest rate risk, the weighted average duration of fixed income investments are to be within .05 years of the respective Lehman Brothers benchmark. In addition, the System limits maturity in commercial paper to no more than 270 days after issue.

As of December 31, 2012, the System had the following investments and maturities:

<i>Investment Type</i>	<i>Fair Value</i>	<i>Investment Maturities - in Years</i>			
		<i>Less Than 1</i>	<i>1-5</i>	<i>6-10</i>	<i>10+</i>
<b>Debt Securities:</b>					
Asset Backed Corporate Bonds	\$ 1,928,026	\$ -	\$ 1,634,699	\$ 293,327	\$ -
Corporate Bonds	9,219,499	249,528	3,031,339	2,548,499	3,390,133
Collateralized Mortgage Obligation Securities (CMO)	249,324	-	-	78,352	170,972
Federal Home Loan Mortgage Corporation (FHLMC)	1,799,879	-	-	-	1,799,879
Federal National Mortgage Association (FNMA)	5,564,839	-	45,213	-	5,519,626
Government Issue FICO Strip Securities	2,065,327	258,521	1,599,105	207,701	-
U.S. Treasury Bonds	21,704,937	7,800,190	2,242,946	2,432,891	9,228,910
<b>Total</b>	<b>42,531,831</b>	<b>\$ 8,308,239</b>	<b>\$ 8,553,302</b>	<b>\$ 5,560,770</b>	<b>\$20,109,520</b>
<b>Other Investments:</b>					
U.S. Micro Cap Equity Mutual Fund	8,575,397				
Equity Index Collective Trust Fund	50,305,325				
Mutual International Small Cap Fund	17,461,525				
Mutual Emerging Markets Fund	17,243,847				
U.S. Large Cap Equity Mutual Fund	8,445,824				
U.S. Small Cap Equity Mutual Fund	18,150,005				
Real Estate Pooled Separate Account	4,701,404				
REIT Index Inst	4,218,745				
<b>Total Investments</b>	<b>\$ 171,633,903</b>				

**Credit Risk** - The state limits investments in commercial paper rated at the time of purchase within the two highest ratings issued by nationally recognized statistical rating organizations. In addition, investments in investment companies are limited to those that have been in operation for at least five years and have assets under management of more than \$500,000,000. The System also requires the average fixed income portfolio quality rating to be an "A" or better. Bonds owned by the system are limited to those with a "BBB" or better rating by Standard & Poor's or an equivalent rating agency at the time of purchase.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

<i>Debt Investments</i>	<i>Fair Value</i>	<i>S&amp;P Rating</i>				
		<i>AAA</i>	<i>AA</i>	<i>A</i>	<i>BBB</i>	<i>Unrated</i>
<i>Asset Backed</i>						
Corporate Bonds	\$ 1,928,026	\$ 1,928,026	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	9,219,499	-	1,381,800	4,248,985	3,339,187	249,527
<i>Collateralized Mortgage Obligation</i>						
Securities (CMO)	249,324	170,972	78,352	-	-	-
<i>Federal Home Loan Mortgage Corporation (FHLMC)</i>						
Mortgage	-	-	-	-	-	-
Corporation (FHLMC)	1,799,879	-	1,799,879	-	-	-
<i>Federal National Mortgage Association (FNMA)</i>						
Association (FNMA)	5,564,839	-	5,564,839	-	-	-
<i>Government Issue FICO</i>						
Strip Securities	2,065,327	-	-	-	-	2,065,327
U.S. Treasury Bonds	21,704,937	-	507,322	-	-	21,197,615
<b>Totals by Rating</b>	<b>\$ 42,531,831</b>	<b>\$ 2,098,998</b>	<b>\$ 9,332,192</b>	<b>\$ 4,248,985</b>	<b>\$ 3,339,187</b>	<b>\$ 23,512,469</b>

As of December 31, 2012, the System had the following credit ratings:

<i>Funds</i>	<i>Fair Value</i>	<i>Morningstar Rating</i>		
		<i>★★</i>	<i>★★★</i>	<i>★★★★</i>
U.S. Micro Cap Equity Mutual Fund	\$ 8,575,397	\$ -	\$ 8,575,397	\$ -
Equity Index Collective Trust Fund	50,305,325	-	-	50,305,325
International Small Cap Mutual Fund	17,461,525	-	17,461,525	-
Emerging Markets Mutual Fund	17,243,847	-	17,243,847	-
U.S. Large Cap Equity Mutual Fund	8,445,824	-	8,445,824	-
U.S. Small Cap Equity Mutual Fund	18,150,005	-	18,150,005	-
REIT Index Inst	4,218,745	-	4,218,745	-
<b>Totals by Rating</b>	<b>\$ 124,400,668</b>	<b>\$ -</b>	<b>\$ 74,095,343</b>	<b>\$ 50,305,325</b>

REIT Index Inst is a Private REIT, investing 100% in real estate and does not have a public rating. It was affirmed with a rating of NAIC-1 (National Association of Insurance Commissioners) in August of 2012 which is equivalent to the various A level ratings of Moody's, S&P and Fitch.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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**Concentration of Credit Risk** - The state generally limits investments in a single issuer to no more than 5% of the total portfolio assets, with exception to obligations issued, assumed, or guaranteed by the United States. To minimize concentration of credit risk and increase portfolio diversification, the System places the following additional limits to investments:

- Investments in common stock are limited to 65% of the total portfolio.
- Investments in equity real estate are limited to 5% of the total portfolio.
- 100% of investments may be comprised of U.S. government and agency issues, but only up to 50% may be invested in government agencies.
- Investments in issues in utilities, oils, industrials, and direct placements are limited to 30% of the portfolio.

As of December 31, 2012, no single holding within this portfolio represented more than 5% of the total fund.

**Custodial Credit Risk** - This portfolio will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to those permitted by Act 485 of the Public Acts of 1996 as amended (Michigan Compiled Laws 38.1132 et seq.) and the following: a) common stock; b) real estate investments in equity positions or convertible to equity positions; c) issues by the U.S. Treasury and agencies; d) corporate bonds; e) commercial paper; f) derivatives that derive values from external source (interest rate benchmark, commodity benchmark, underlying mortgage pools, etc.); and g) mutual funds consisting of the allowable investments.

In addition, the System 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 of this document and/or any additional written instructions that amend this Investment Policy Statement. The following criteria is 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.

As of December 31, 2012, the System had no investments exposed to custodial credit risk.

**Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a 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 and not to exceed more than 20% of the System's assets. It is the System's policy to not purchase foreign investments except those listed in the United States.

As of December 31, 2012, the System invested \$17,462,000 in an international small company equity mutual fund that exposes the System's portfolio to foreign currency risk. The fund invests in equity securities of small, non-U.S. companies that the Advisor determines to be value stocks at the time of purchase. The portfolio intends to purchase the stocks of small companies within developed markets. Under normal market conditions, the portfolio intends to invest its assets in value stocks of small companies, organized or having a majority of their assets in or deriving a majority of their operating income in non-U.S. countries. Currently, no more than 15% of the portfolio's assets is invested in such companies in any one country.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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### 4. Advances/Interfund Transfers/Due to-Due From

#### *General Fund Advances*

The long-term advances represent cash working capital advances consisting of the following:

<i>Fund</i>	<i>Advances to Other Funds</i>
General Fund	\$ 76,197

<i>Fund</i>	<i>Advances from Other Funds</i>
Capital Projects Fund - Drains	\$ 50,266
Capital Projects - Lake Improvement Fund	\$ 25,931

To accommodate the payment of Drain Fund and Lake Improvement Fund related expenditures prior to assessments levied, the General Fund has advanced \$50,266 to the Drain Fund and \$25,931 to the Lake Improvement Fund. A 2011 budget policy adopted by the Board of Commissioners established the advances at a level of \$200,000 and \$30,000, respectively, with the recognition that appropriate assessments occur in order to repay the advances.

#### *Due to-Due From*

Due to-due from balances for the year ended December 31, 2012, consists of the following:

<i>Fund</i>	<i>Due to Other Funds</i>
Internal Service - Employee Benefits	\$ 120,507

<i>Fund</i>	<i>Due from Other Funds</i>
Fiduciary Funds - Pension Trust Funds	\$ 120,507

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

### *Interfund Transfers*

Interfund transfers for the year ended December 31, 2012, consists of the following:

	<i>Transfer from</i>				<i>Total Transfers In</i>
	<i>General Fund</i>	<i>Law Enforce- ment</i>	<i>Nonmajor Governmental</i>	<i>All Others</i>	
<i>Transfer to:</i>					
General Fund	\$ -	\$ -	\$ 221,296	\$ 1,625,000	\$ 1,846,296
Health Fund	1,970,592	-	2,126	-	1,972,718
Justice Facilities Improvement	10,684,186	-	-	-	10,684,186
Nonmajor Governmental	4,442,072	223,957	490,702	-	5,156,731
<b>Total Transfers Out</b>	<b>\$ 17,096,850</b>	<b>\$ 223,957</b>	<b>\$ 714,124</b>	<b>\$ 1,625,000</b>	<b>\$ 19,659,931</b>

Interfund transfers are used as sources of financing the funds receiving the transfers and do not require a repayment to the fund making the payment.

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# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

### 5. Capital Assets

Capital asset activity for the year ended December 31, 2012, consists of the following:

<i>Primary Government</i>	<i>Balance, January 1, 2012</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, December 31, 2012</i>
<b>Government Activities:</b>				
Capital assets not depreciated:				
Land	\$ 2,441,868	\$ 1,313,314	\$ -	\$ 3,755,182
Construction in progress (estimated costs to complete \$5,105,000)	1,742,151	19,658,098	1,742,151	19,658,098
Capital assets in progress (estimated costs to complete \$329,000)	58,068	213,999	41,313	230,754
Intangible easements	106,646	14,858	-	121,504
Capital assets depreciated:				
Land improvements	10,362,498	2,039,640	-	12,402,138
Buildings and improvements	59,173,731	25,458	-	59,199,189
Furniture, machinery, and equipment	10,140,408	1,028,834	2,654,683	8,514,559
Vehicles	4,922,215	324,061	261,381	4,984,895
Law library books	405,392	-	-	405,392
<b>Totals at Historical Cost</b>	<b>89,352,977</b>	<b>24,618,262</b>	<b>4,699,528</b>	<b>109,271,711</b>
Less accumulated depreciation:				
Land improvements	3,781,903	525,210	-	4,307,113
Buildings and improvements	25,383,714	1,498,907	-	26,882,621
Furniture, machinery, and equipment	6,906,288	951,175	2,639,489	5,217,974
Vehicles	3,073,739	605,613	223,378	3,455,974
Law library books	405,392	-	-	405,392
<b>Total accumulated depreciation</b>	<b>39,551,036</b>	<b>3,580,905</b>	<b>2,862,867</b>	<b>40,269,074</b>
<b>Total Governmental Activities - Net Capital Assets</b>	<b>\$ 49,801,941</b>	<b>\$ 21,037,357</b>	<b>\$ 1,836,661</b>	<b>\$ 69,002,637</b>

Depreciation expense charged to governmental functions consisted of the following:

General government	\$ 394,686
Public safety	793,296
Health and welfare	252,409
Recreation and culture	886,223
Judicial	1,254,291
<b>Total Depreciation Expense</b>	<b>\$ 3,580,905</b>

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

<i>Primary Government</i>	<i>Balance, January 1, 2012</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, December 31, 2012</i>
<b>Business-Type Activities:</b>				
Capital assets not depreciated:				
Land	\$ 3,868,097	\$ -	\$ -	\$ 3,868,097
Construction in progress (estimated costs to complete \$354,000)	470,608	528,027	-	998,635
Capital assets depreciated:				
Land improvements	43,576,928	-	-	43,576,928
Buildings and improvements	41,585,365	-	1,830	41,583,535
Furniture, machinery, and equipment	10,325,134	699,382	3,441	11,021,075
<b>Totals at Historical Cost</b>	<b>99,826,132</b>	<b>1,227,409</b>	<b>5,271</b>	<b>101,048,270</b>
Less accumulated depreciation:				
Land improvements	24,348,357	1,700,851	-	26,049,208
Buildings and improvements	8,509,894	960,701	-	9,470,595
Furniture, machinery, and equipment	5,234,690	700,512	3,441	5,931,761
<b>Total accumulated depreciation</b>	<b>38,092,941</b>	<b>3,362,064</b>	<b>3,441</b>	<b>41,451,564</b>
<b>Total Business-Type Activities - Net Capital Assets</b>	<b>\$61,733,191</b>	<b>\$ (2,134,655)</b>	<b>\$ 1,830</b>	<b>\$59,596,706</b>

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

Capital asset activity for the Kalamazoo Community Mental Health and Substance Abuse Services for the year ended December 31, 2012, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, October 1, 2011</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, September 30, 2012</i>
<b>Kalamazoo Community Mental Health and Substance Abuse Services:</b>				
<b>Capital Assets:</b>				
Capital assets not depreciated -				
Land	\$ 670,911	\$ -	\$ -	\$ 670,911
Construction in progress	89,559	21,792	(22,209)	89,142
Capital assets depreciated:				
Buildings and improvements	3,270,435	48,964	22,209	3,341,608
Equipment and furniture	2,903,438	653,510	-	3,556,948
Motor vehicles	66,868	-	-	66,868
<b>Total Capital Assets</b>	<b>7,001,211</b>	<b>724,266</b>	<b>-</b>	<b>7,725,477</b>
Less accumulated depreciation	3,107,467	1,234,581	-	4,342,048
<b>Total Kalamazoo Community Mental Health and Substance Abuse Services Capital Assets, net</b>	<b>\$ 3,893,744</b>	<b>\$ (510,315)</b>	<b>\$ -</b>	<b>\$ 3,383,429</b>

Capital asset activity for the Kalamazoo County Road Commission for the year ended December 31, 2012, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, January 1, 2012</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, December 31, 2012</i>
<b>Road Commission Capital Assets:</b>				
Capital assets not depreciated:				
Land and improvements, infrastructure	\$ 20,199,787	\$ 50,026	\$ -	\$ 20,249,813
Land and improvements	475,599	132,394	-	607,993
Capital assets depreciated:				
Buildings and improvements	4,070,148	13,619	-	4,083,767
Road equipment	7,464,189	975,766	(94,935)	8,345,020
Other equipment	587,659	11,151	(47,364)	551,446
Infrastructure and improvements	163,031,707	10,902,516	(2,504,967)	171,429,256
<b>Total Capital Assets</b>	<b>195,829,089</b>	<b>12,085,472</b>	<b>(2,647,266)</b>	<b>205,267,295</b>
Less accumulated depreciation	83,134,281	7,898,547	(2,645,479)	88,387,349
<b>Total Kalamazoo County Road Commission Capital Assets, net</b>	<b>\$112,694,808</b>	<b>\$ 4,186,925</b>	<b>\$ (1,787)</b>	<b>\$116,879,946</b>

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

### 6. Long-Term Obligations

Changes in long-term liabilities consists of the following:

<i>Primary Government</i>	<i>Balance, January 1, 2012</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance, December 31, 2012</i>	<i>Due Within One Year</i>
<b>Government Activities:</b>					
Bonds and notes payable -					
General obligation debt	\$ 35,426,716	\$ 1,195,000	\$ 3,271,716	\$ 33,350,000	\$ 1,755,000
<b>Other liabilities:</b>					
Compensated absences	3,459,149	2,642,626	2,780,962	3,320,813	1,150,182
Net OPEB obligation	5,844,534	5,366,886	2,737,000	8,474,420	-
	44,730,399	9,204,512	8,789,678	45,145,233	2,905,182
<b>Net Bond Premium</b>	169,592	-	50,206	119,386	-
<b>Net Bond Discount</b>	(158,106)	-	7,589	(150,517)	-
<b>Total Long-Term Liabilities -     Governmental Activities</b>	<b>\$ 44,741,885</b>	<b>\$ 9,204,512</b>	<b>\$ 8,847,473</b>	<b>\$ 45,114,102</b>	<b>\$ 2,905,182</b>
<b>Business-Type Activities -</b>					
Bonds payable -					
General obligation debt	\$ 7,900,000	\$ 6,520,000	\$ 6,900,000	\$ 7,520,000	\$ 575,000
<b><u>Discretely Presented</u></b>					
<b><u>Component Units</u></b>					
<b>Total Long-Term Liabilities -</b>					
<b>    Business-Type Activities -</b>					
Compensated absences	\$ 797,404	\$ 1,053,769	\$ 976,898	\$ 874,275	\$ 874,275

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

Long-term bonds and notes at December 31, 2012 consists of the following:

<i>Primary Government</i>	<i>Final Maturity Dates</i>	<i>Interest Rates</i>	<i>Outstanding Balance</i>
<b>Governmental Activities:</b>			
1982 Water Supply System No. 1 Bonds	5/1/2020	5.00%	\$ 85,000
1996 Sewage Disposal System No. 7 Bonds	5/1/2016	4.75-7.75%	500,000
2010 Sewage Disposal Indian/Pickereel Lake Bonds	12/1/2017	4.00%	1,365,000
2012 Cooper Township Sewage Disposal System Bonds	5/1/2021	1.96%	1,195,000
2004 Texas Township Refunding Sanitary Sewage Disposal System Bonds	5/1/2013	2.50-4.00%	210,000
2005 Comstock Sewage Disposal System Bonds	5/1/2013	2.50-3.50%	170,000
2005 Village of Augusta Water Supply	5/1/2025	2.13%	535,000
2008 Townline Drain	3/1/2018	2.40-4.55%	275,000
<b>Total Governmental Activities - without associated assets</b>			<b>\$ 4,335,000</b>
2007 Juvenile Home Facilities Bond	4/1/2032	4.50-5.00%	\$ 26,250,000
2011 Expo Center Improvement Bonds	4/1/2026	3.20%	2,765,000
<b>Total Governmental Activities - with associated assets</b>			<b>\$ 29,015,000</b>
<b>Business-Type Activities:</b>			
2003 Building Authority Airport Facilities Bonds	5/1/2014	3.50-3.70%	\$ 1,000,000
2012 Airport Refunding Bonds	5/1/2028	2.60-4.60%	6,520,000
<b>Total Business-Type Activities - with associated assets</b>			<b>\$ 7,520,000</b>

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.

Governmental activities without associated assets are for debt issuances related to local units water, sewage, and drain systems where the County does not own the assets. This debt is not included in the calculation of net position invested in capital assets, net of related debt.

Governmental activities with associated assets are for debt issuances related to the County capital projects where the County does own the assets. This debt is included in the calculation of net position invested in capital assets, net of related debt.

There are a number of limitations and restrictions contained in the various debt issues. At December 31, 2012, the County complied with all significant limitations and restrictions.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

During 2012, the County advance refunded a limited tax general obligation bond issue with a general obligation refunding. The County issued \$1,195,000 of limited tax general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. This advance refunding was undertaken to reduce total debt service payments over the next 9 years by \$249,646 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds and adjusted for additional cash paid) of \$161,124.

During 2012, the County also advance funded part of a limited tax general obligation bond issue with a general obligation refunding. The County issued \$6,520,000 of limited tax general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust of the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. This advance partial refunding was undertaken to reduce total debt service payments over the next 16 years by \$502,902 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds and adjusted for additional cash paid) of \$327,123.

During 2011, the County issued limited tax general obligation capital improvement bonds in the amount of \$3,000,000, to provide resources for the improvement of the Expo Center, part of the Kalamazoo County Fairgrounds. These bonds have a maturity date of April 1, 2026, and pay interest at the rate of 3.20%. These bonds are subject to mandatory sinking fund redemption prior to maturity at set dates and amounts, at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of the redemption. The total interest to be paid on these bonds equals \$796,691.

The compensated absence liability attributable to the governmental activities will be liquidated by the County's General, Law Enforcement, Nazareth Facility, Parks, FOC, Health, Child Care, Sheriff Road Patrol, HSD Pooled Costs, and Head Start Funds.

The net pension obligations will be liquidated by the County's Employee Benefit Fund which is the internal service fund that contributes toward the pension funds.

The net other postemployment benefit obligation will be liquidated by the County's Employee Benefit Fund which is the internal service fund that contributes toward the net other postemployment benefit obligation funds.

The annual requirements to pay principal and interest on long-term bonds and notes outstanding for the primary government consists of the following:

<i>Year Ending December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2013	\$ 1,755,000	\$ 1,366,549	\$ 575,000	\$ 233,125
2014	1,490,000	1,305,830	525,000	214,125
2015	1,605,000	1,247,732	640,000	198,225
2016	1,710,000	1,185,260	630,000	185,525
2017	1,635,000	1,121,953	615,000	173,075
2018-2022	7,525,000	4,731,139	3,020,000	532,225
2023-2027	8,130,000	3,051,121	1,340,000	104,316
2028-2032	9,500,000	1,113,750	175,000	2,734
	<b>\$ 33,350,000</b>	<b>\$ 15,123,334</b>	<b>\$ 7,520,000</b>	<b>\$ 1,643,350</b>

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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From time to time, the County, through its Economic Development Corporation, has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely by the private-sector entities. Neither the County, the state of Michigan, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2012, there was one Industrial Revenue Bond outstanding: W.B.C. Properties Limited Partnership Project, 5.75% \$6,500,000 Series, issued September 1, 1985, due in full in 2015.

### 7. Retirement Commitments

#### *Kalamazoo County Employees' Retirement System (the System)*

##### *Plan Description*

The System is an agent multiple-employer, defined benefit pension plan, which provides retirement and disability benefits to eligible plan members and beneficiaries. The System was established by the Kalamazoo County Board of Commissioners and is administered by the Kalamazoo County Retirement Investment Committee. The Kalamazoo County (County), Kalamazoo Road Commission (Road Commission), and Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS) are participating employers of the System and are required to contribute to the System under the state of Michigan statutes. Employees of participating employers holding regular positions, either full time or part time of twenty hours or more per week, are included by law in the System. Employees of the Sheriff's Department Fraternal Order of Police, certain District Court employees, and the County Administrator are excluded from the System pursuant to past negotiations.

The System issues a publicly available financial report that includes financial statements and required supplemental information of the System. The financial report may be obtained by writing to the Office of Finance, County of Kalamazoo, Michigan, 201 West Kalamazoo Avenue, Kalamazoo, Michigan 49007, or by calling 269-384-8088.

##### *Summary of Significant Accounting Policies*

##### Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the System are recognized when due and the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the System.

##### Method Used to Value Instruments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Pooled separate accounts are stated primarily at current appraised value, which approximates market. Investments that do not have an established market are reported at estimated fair value.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

### Annual Pension Cost and Net Pension Obligation

The annual required contribution (ARC) for the current year was determined as part of the December 31, 2011, actuarial valuation using the entry age normal cost method for each employer. The actuarial assumptions included (a) a rate of return of 7.75%, b) projected salary increases ranging from 4.5% to 10.5%, including pay inflation of 4.5%, and c) no cost of living adjustments. The actuarial value of the System's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued asset is amortized over a closed period of 10 years for the County and KCMHSAS, and 12 years for the Road Commission as a level percent of payroll.

Annual pension costs of the primary government and its discretely presented component units, which were equal to the required contributions consists of the following:

<i>Year Ended December 31,</i>	<i>Annual Pension Cost (APC)</i>	<i>Percentage of APC Contributed</i>
<b>Primary Government:</b>		
2010	\$ 1,541,332	100.0%
2011	\$ 1,784,970	100.0%
<b>2012</b>	<b>\$ 2,237,846</b>	<b>100.0%</b>
<b>Kalamazoo County Road Commission:</b>		
2010	\$ -	100.0%
2011	\$ -	100.0%
<b>2012</b>	<b>\$ -</b>	<b>100.0%</b>
<b>Kalamazoo Community Mental Health and Substance Abuse Services:</b>		
2010	\$ 413,004	100.0%
2011	\$ 640,272	100.0%
<b>2012</b>	<b>\$ 739,698</b>	<b>100.0%</b>

The Schedule of Funding Progress, as of December 31, 2011, consists of the following:

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) - Entry Age</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
	(A)	(B)	(B)-(A)	(A)/(B)	(C)	[(B)-(A)]/(C)
<b>Totals:</b> 12/31/2010	\$ 165,881,227	\$ 143,249,838	\$ (22,631,389)	115.8%	\$ 43,864,919	-51.6%
12/31/2011	\$ 165,652,477	\$ 150,896,195	\$ (14,756,282)	109.8%	\$ 44,092,439	-33.5%
<b>12/31/2012</b>	<b>\$ 165,552,993</b>	<b>\$ 156,742,545</b>	<b>\$ (8,810,448)</b>	<b>105.6%</b>	<b>\$ 43,902,576</b>	<b>-20.1%</b>

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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### *Defined Contribution Plans*

#### *Primary Government - Sheriff's Department*

The County provides pension benefits for all of its full-time employees of the Sheriff's Department not covered by the Kalamazoo County Employees' Retirement System through a defined contribution plan, established and administered by the Fraternal Order of Police, Lodge No. 98 (FOP). In a defined contribution plan, benefits depend solely on amounts contributed to the System, plus investment earnings. Employees are eligible to participate from the date of employment. The County contributes an amount equal to 16.0% 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 2012 contribution of \$2,162,986. The County is not a fiduciary with respect to this plan and, accordingly, assets and liabilities of the System have been excluded from these financial statements. Contribution requirements are established or amended under the authority of the County Board of Commissioners and collective bargaining.

#### *Primary Government - Other*

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

The County has agreed to contribute, on behalf of the District Court employees, to defined contribution plans that are administered by unrelated third parties. The County made the required 2012 contributions on behalf of the District Court employees in the amount of \$31,817. 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.

#### *Component Unit, Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS)*

When KCMHSAS became a separate legal entity, its employees elected not to participate in the Social Security System. To provide its employees with a similar retirement benefit, KCMHSAS sponsored a 401(h) Plan (the Plan). Under the terms of this plan, which is a defined contribution plan, both KCMHSAS and its employees are required to contribute the same amounts that would be due if KCMHSAS had elected to participate in the Social Security System. For the year ended September 30, 2012, KCMHSAS and its employees each contributed \$624,346. KCMHSAS is not a fiduciary with respect to the Plan and, accordingly, assets and liabilities of the Plan have been excluded from these financial statements.

### *Other Post Employment Benefits - Retiree Health Trust*

#### *Plan Description*

In addition to the pension benefits described above, the County provides post employment health benefits through an agent multiple-employer OPEB plan. The system was established by the County Board of Commissioners and is administered by the Retiree Health Trust. The County of Kalamazoo, Michigan (the County), the Kalamazoo County Road Commission (Road Commission), and the Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS) are participating employers of the Retiree Health Trust.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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Active participants of the defined benefit pension plan with a hire date on or before December 31, 2008, who retire at age 55 with eight or more years of service, are eligible for this benefit. Employees hired after January 1, 2009, must be age 60 with eight or more years of service to be eligible. Employees hired after January 1, 2012, the County will not provide retiree health insurance. Active participants of the FOP defined contribution plan are eligible under the terms of their collective bargaining agreement. The District Court employees who have opted not to participate in the Kalamazoo County Employee Retirement System are eligible under the terms of the district court consolidation agreement. Currently, there are 309 retirees of the primary government, 85 retirees of the FOP, 50 retirees of the Road Commission, and 40 retirees of KCMHSAS. Separate financial statements are not prepared.

For active participants of the defined benefit pension plan and who have opted not to participate in the County's Retirement System, the self-funded health insurance provides this benefit until the retiree has reached Medicare eligibility. The County requires the retiree and his/her covered dependents to obtain Medicare Part A and B, at which the county will provide supplemental insurance through an indemnity plan. Employees hired after January 1, 2010, are required to contribute 100% of this supplemental insurance. Dependent coverage, if requested, is financed by retiree contributions.

For the active participants of the FOP defined contribution plan that reach Medicare eligibility, the County provides supplemental insurance through a self-funded plan. For employee hired before January 1, 2008, the County finances health care costs for the retiree and their spouse, if requested. For employees hired after January 1, 2008, the County finances health care for the retiree only. If requested, spousal and dependent health care is financed by retiree contributions.

### *Summary of Significant Accounting Policies*

#### Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Retiree Health Trust are recognized when due and the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the Retiree Health Trust.

#### Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Pooled separate accounts are stated primarily at current appraised value, which approximates market. Investments that do not have an established market are reported at estimated fair value.

#### Actuarial Methods and Assumptions

The annual contribution rate (ARC) for the current year was determined as part of the December 31, 2011, actuarial valuation using the entry age normal cost method for each employee. The actuarial assumptions included (a) rate of return of 7.75%, (b) initial health cost trend of 9%, (c) inflation assumption of 2.5%, and (d) an ultimate health cost trend of 4.5%. The amortization method is level percent open and for a 30 year period.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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

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

### Funding Policy and Contributions

The Retiree Health Trust currently funds the plan under the authority defined by the Kalamazoo County Board of Commission. Plan members are charged contributions at a set rate per member depending on years of service over eight years and the type of optional coverage elected. The County is currently contributing 75% of the fixed rate determined in the most recent actuarial valuation adjusted for plan design changes made during the year. The Road Commission and KCMHSAS are contributing based on the percentage of payroll determined in the most recent actuarial valuation.

The annual other post employment health benefit contributions of the primary government and its discretely-presented component units are as follows:

<i>Year Ended December 31,</i>		<i>Annual OPEB Cost</i>	<i>Actual Contributions</i>	<i>Percentage of OPEB Cost Contributed</i>
Kalamazoo County Government	2010	\$ 4,355,779	\$ 3,200,836	73.48%
	2011	\$ 4,572,144	\$ 3,344,872	73.16%
	2012	\$ 5,366,886	\$ 2,737,000	51.00%
Kalamazoo Community Mental Health and Substance Abuse Services	2010	\$ 350,971	\$ 427,896	121.92%
	2011	\$ 365,783	\$ 489,660	133.87%
	2012	\$ 380,153	\$ 479,537	126.14%
Kalamazoo County Road Commission	2010	\$ 289,328	\$ 236,046	81.58%
	2011	\$ 304,018	\$ 232,532	76.49%
	2012	\$ 216,873	\$ 194,069	89.49%
<b>Totals</b>	2010	\$ 4,996,078	\$ 3,864,778	77.36%
	2011	\$ 5,241,945	\$ 4,067,064	77.59%
	2012	\$ 5,963,912	\$ 3,410,606	57.19%

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# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

### Calculation of Net OPEB Obligation

GASB No. 45 requires the disclosure of the components of the Net OPEB obligation calculation. This information is shown as follows:

<i>Year Ended December 31, 2012</i>	<i>Kalamazoo County Government</i>	<i>Kalamazoo County Road Commission</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>
Annual Required Contribution (ARC)	\$ 5,334,543	\$ 217,684	\$ 376,544
Interest on new OPEB obligation	452,951	(3,289)	(46,280)
Adjustment to ARC	(420,608)	2,478	49,889
Annual OPEB cost	5,366,886	216,873	380,153
Contributions made	2,737,000	194,069	479,537
Increase (decrease) in net OPEB obligation	2,629,886	22,804	(99,384)
Net OPEB Obligation (Asset), December 31, 2011	5,844,534	(42,435)	(597,155)
Net OPEB Obligation (Asset), December 31, 2012	<b>\$8,474,420</b>	<b>\$ (19,631)</b>	<b>\$ (696,539)</b>
Percentage of Annual OPEB Cost Contributed	51.00%	89.49%	126.14%

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

The County is only required to obtain actuarial valuations every two years. The funded status for 2012 is not available at this time. Therefore, the below information was obtained from the 2011 actuarial valuations.

The funded status of the plan, as of December 31, 2011, was as follows:

	<i>Kalamazoo County Government</i>	<i>Kalamazoo County Road Commission</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>	<i>Total</i>
Actuarial Accrued Liability (AAL)	\$ 68,730,743	\$ 3,956,241	\$ 5,191,359	\$77,878,343
Actuarial value of plan assets	5,169,571	1,435,680	2,521,844	9,127,095
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>\$63,561,172</b>	<b>\$2,520,561</b>	<b>\$ 2,669,515</b>	<b>\$68,751,248</b>
Funded ratio (actuarial value of plan assets/AAL)	7.5%	36.3%	48.6%	11.7%
Covered payroll (active plan members)	\$ 39,685,167	\$ 2,891,359	\$ 8,626,811	\$51,203,337
UAAL as a percentage of covered payroll	160.2%	87.2%	30.9%	134.3%

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

### 8. Claims Arising from Risks of Loss

#### *Primary Government (the County)*

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

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

The Employee Benefit Fund provides coverage for up to a maximum of \$400,000 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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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 \$100,000 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 for 2012 and 2011, consists of the following:

<i>General Fund</i>	<i>Beginning of Year Liability</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>End of Year Liability</i>
General liability and crime:				
2011	\$ 499,665	\$ 73,711	\$ 181,358	\$ 392,018
2012	\$ 392,018	\$ 124,830	\$ 130,963	\$ 385,885

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 asset repairs or replacements not associated with such causes are considered outside the measurement and reporting standards.

Changes in the balances of health and welfare claim liabilities for 2012 and 2011, consists of the following:

<i>Internal Service Funds</i>	<i>Beginning of Year Liability</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>End of Year Liability</i>
Workers' compensation:				
2011	\$ 228,756	\$ 373,220	\$ (239,736)	\$ 362,240
2012	\$ 362,240	\$ 321,199	\$ (424,466)	\$ 258,973
Employee health and medical:				
2011	\$ 546,291	\$ 5,829,661	\$ (5,960,339)	\$ 415,613
2012	\$ 415,613	\$ 6,280,145	\$ (6,254,187)	\$ 441,571
Employee dental:				
2011	\$ 39,421	\$ 481,265	\$ (494,369)	\$ 26,316
2012	\$ 26,316	\$ 457,932	\$ (459,773)	\$ 24,475

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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### *Kalamazoo County Road Commission (the Road Commission)*

The Road Commission participates in the Michigan County Road Commission Self-Insurance Pool (SIP) and the County Road Association Self-Insurance Fund (SIF); both are public entity risk pools operating as a common risk management program for road commissions in the state of Michigan. The Road Commission pays annual premiums to the SIP and SIF for general insurance coverage and workers' compensation claims, respectively. In the event of unusually high claims, both the SIP and SIF may assess member road commissions on a retroactive basis. The Road Commission purchases commercial insurance for risks of loss arising from employee health and accident claims.

### *Kalamazoo County Mental Health and Substance Abuse Services (KSMHSAS)*

The risks of loss arising from general liability, property, and crime are managed through participation in the Michigan Municipal Risk Management State Pool, a public entity risk pool currently operating as a common risk management program for government entities in the state of Michigan. KCMHSAS pays annual premiums to the state pool for insurance coverage up to a maximum of \$15,000,000 for aggregate general liability claim, and \$9,869,000 for property and crime claims. In the event of unusually high claims, the state pool may assess member government units on a retroactive basis. KCMHSAS purchases commercial insurance for risks of loss arising from employee health, medical, and workers' compensation claims.

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# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

### 9. Compliance

#### *Expenditures Over Appropriations*

P.A. 621 of 1978 Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures have been shown on a functional basis. The County incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated consists of the following:

<i>Year Ended December 31, 2012</i>	<i>Excess Expenditures</i>
<b>General Fund:</b>	
<i>General Government - Security</i>	\$ (79,906)
<i>Public Safety - Emergency Management</i>	(5,466)
<i>Health and Welfare - Veteran's Burial</i>	(13,200)
<i>Recreation and culture - MSU Extension</i>	(357)
<i>Transfers Out:</i>	
GCPI	(30,586)
Judicial Special Grants Funds	(51,198)
<b>Special Revenue Funds:</b>	
<b>Law Enforcement Fund:</b>	
<i>Judicial - Circuit Court - Trial Division</i>	(525)
<i>Judicial - District Court</i>	(2,857)
<i>Public Safety - Sheriff - Admin/Support</i>	(36,563)
<i>Public Safety - Sheriff - Field Operations</i>	(20,109)
<b>Accommodation Tax Special Revenue Fund:</b>	
<i>Recreation and Culture</i>	(24,277)
<i>Transfers Out - Expo Center Debt Service</i>	(10)
<i>Transfers Out - General Fund</i>	(396)
<b>Veteran's Trust Special Revenue Fund -</b>	
<i>Health and Welfare</i>	(9,387)
<b>Community Corrections Special Revenue Fund -</b>	
<i>Public Safety</i>	(8,070)
<b>Public Safety Special Grants Special Revenue Fund -</b>	
<i>Capital Outlay</i>	(84,189)

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

*Investments of the Defined Benefit Pension Plan (Pension Trust Fund) (the Plan)*

Effective October 16, 2000, a state of Michigan law was enacted limiting a retirement plan's investment in common stocks to 70% of a plan's assets at market value.

At December 31, 2012, the System's investment in common stocks was 69.3% of plan assets at market value, thereby not exceeding the limit allowed by law.

### 10. Commitments and Contingencies

At December 31, 2012, the County had the following contractual construction commitments:

	<i>Project Authorization</i>	<i>Expended Through December 31, 2012</i>	<i>Committed</i>	<i>Required Future Financing</i>
Airport improvements	\$ 3,587,606	\$ 3,233,594	\$ 354,012	\$ *
Governmental activities	22,396,689	18,494,925	3,901,764	-
	<b>\$ 25,984,295</b>	<b>\$21,728,519</b>	<b>\$ 4,255,776</b>	<b>\$ -</b>

\* The majority of these projects are administered by the state of Michigan, funded by a combination of federal and state grants, and local monies, in the following ratio: 95%, 2.5%, and 2.5%, respectively.

The County leases several facilities under non-cancelable agreements that have been classified as operating leases. Total cost for such leases were \$443,518 in 2012. The future minimum lease payments for these leases consists of the following:

<i>Year Ending December 31,</i>	<i>Amount</i>
2013	412,522
2014	232,021
2015	232,021
2016	232,021
	<b>\$ 1,108,585</b>

### 11. Implementation of GASB Statement No. 63

For the year ended December 31, 2012, the County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which resulted in reclassifying "Net Assets" to "Net Position".

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## Required Supplementary Information

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# County of Kalamazoo, Michigan

## Schedules of Funding Progress

### Kalamazoo County Employees' Retirement System

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) - Entry Age</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
<i>Employer</i>	(A)	(B)	(B)-(A)	(A)/(B)	(C)	[(B)-(A)]/(C)
	\$	\$	\$		\$	
<b>Primary Government:</b>						
12/31/2010	124,116,801	110,074,819	(14,041,982)	112.8%	31,293,381	-44.9%
12/31/2011	123,903,818	116,401,624	(7,502,194)	106.4%	31,342,499	-23.9%
12/31/2012	123,521,513	119,986,546	(3,534,967)	102.9%	30,782,123	-11.5%
<b>Kalamazoo County Road Commission:</b>						
12/31/2010	18,347,379	13,253,098	(5,094,281)	138.4%	2,747,330	-185.4%
12/31/2011	17,852,065	13,574,391	(4,277,674)	131.5%	2,699,115	-158.5%
12/31/2012	17,186,467	13,450,299	(3,736,168)	127.8%	2,379,843	-157.0%
<b>Kalamazoo Community Mental Health and Substance Abuse Services:</b>						
12/31/2010	23,417,047	19,921,921	(3,495,126)	117.5%	9,824,208	-35.6%
12/31/2011	23,896,594	20,920,180	(2,976,414)	114.2%	10,050,825	-29.6%
12/31/2012	24,845,013	23,305,700	(1,539,313)	106.6%	10,740,610	-14.3%
<b>Totals:</b>						
12/31/2010	165,881,227	143,249,838	(22,631,389)	115.8%	43,864,919	-51.6%
12/31/2011	165,652,477	150,896,195	(14,756,282)	109.8%	44,092,439	-33.5%
12/31/2012	165,552,993	156,742,545	(8,810,448)	105.6%	43,902,576	-20.1%

# County of Kalamazoo, Michigan

## Schedules of Funding Progress

### Other Post Employment Benefits - Retiree Health Trust

<i>Employer</i>	<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) - Entry Age</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
	(A)	(B)	(B)-(A)	(A)/(B)	(C)	[(B)-(A)]/(C)	
	\$	\$	\$		\$		
<b>Kalamazoo County Government:</b>							
	12/31/2008	1,514,332	77,583,594	68,274,028	2.0%	47,085,151	161.6%
	12/31/2009	3,071,475	64,557,503	76,069,262	4.8%	48,606,973	161.6%
	12/31/2011	5,169,571	68,730,743	63,561,172	7.5%	39,685,167	160.2%
<b>Kalamazoo County Road Commission:</b>							
	12/31/2008	841,850	5,179,901	9,215,977	0.0%	3,400,674	127.6%
	12/31/2009	1,233,280	4,936,576	4,338,051	16.3%	3,103,798	127.6%
	12/31/2011	1,435,680	3,956,241	2,520,561	36.3%	2,891,359	87.2%
<b>Kalamazoo Community Mental Health and Substance Abuse Services:</b>							
	12/31/2008	1,106,923	5,666,374	5,765,260	0.0%	9,881,817	46.1%
	12/31/2009	1,629,832	5,259,827	4,559,451	19.5%	10,417,170	46.1%
	12/31/2011	2,521,844	5,191,359	2,669,515	48.6%	8,626,811	30.9%
<b>Totals:</b>							
	12/31/2008	3,463,105	88,429,869	83,255,265	2.0%	60,367,642	140.7%
	12/31/2009	5,934,587	74,753,906	84,966,764	3.9%	62,127,941	140.7%
	12/31/2011	9,127,095	77,878,343	68,751,248	11.7%	51,203,337	134.3%

The County is only required to obtain actuarial valuations every two years. Therefore, the above information was obtained from the latest actuarial valuations which was completed for the year ended December 31, 2011, and the two preceding valuations. The Trust began in 2007.

## Combining and Individual Fund Statements and Schedules

## General Fund

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# County of Kalamazoo, Michigan

## General Fund Schedule of Sources and Uses of Financial Resources

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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 in another fund. Revenues are derived primarily from property taxes, intergovernmental revenues, and charges for services.

# County of Kalamazoo, Michigan

## General Fund Schedule of Sources and Uses of Financial Resources

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
<i>Taxes:</i>				
Non-departmental - Property taxes	\$ 36,815,000	\$ 36,733,600	\$ 37,552,033	\$ 818,433
Treasurer	95,000	95,000	76,460	(18,540)
<b>Total Taxes</b>	<b>36,910,000</b>	<b>36,828,600</b>	<b>37,628,493</b>	<b>799,893</b>
<i>Licenses and Permits:</i>				
County Clerk/Register of Deeds	49,000	49,000	56,843	7,843
Animal Services and Enforcement	443,500	443,500	459,777	16,277
Treasurer	10,000	10,000	12,582	2,582
Soil Erosion and Sedimentation Control	24,500	24,500	28,029	3,529
Medical Examiner	15,100	15,100	15,117	17
<b>Total Licenses and Permits</b>	<b>542,100</b>	<b>542,100</b>	<b>572,348</b>	<b>30,248</b>
<i>Federal Grants:</i>				
Sheriff	52,600	52,600	53,572	972
Emergency Management	49,000	50,300	57,917	7,617
Prosecuting Attorney	93,900	102,750	115,933	13,183
<b>Total Federal Grants</b>	<b>195,500</b>	<b>205,650</b>	<b>227,422</b>	<b>21,772</b>
<i>State Grants:</i>				
State Shared Revenue	3,928,700	3,928,700	3,959,286	30,586
State Court Fund Distribution	1,268,700	1,268,700	1,233,092	(35,608)
Convention and Tourism	1,689,500	1,852,300	1,852,291	(9)
Cigarette Tax	-	15,500	13,243	(2,257)
Elections	105,000	105,000	88,501	(16,499)
Friend of the Court	221,500	224,500	238,929	14,429
Circuit Court - Trial Division	185,900	186,300	186,253	(47)
Circuit Court - Family Division	342,000	342,000	342,836	836
District Court	407,600	407,600	411,601	4,001
Prosecuting Attorney	20,000	28,850	55,990	27,140
Probate Court	148,500	148,500	148,510	10
Sheriff	33,200	33,200	34,233	1,033
County Clerk/Register of Deeds	2,000	2,000	2,527	527
<b>Total State Grants</b>	<b>8,352,600</b>	<b>8,543,150</b>	<b>8,567,292</b>	<b>24,142</b>

# County of Kalamazoo, Michigan

## General Fund Schedule of Sources and Uses of Financial Resources (continued)

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<i>Revenues (Continued):</i>				
<i>Local Unit Contributions:</i>				
Sheriff	\$ 1,438,400	\$ 1,192,100	\$ 1,133,494	\$ (58,606)
Veteran's Affairs	5,000	5,000	4,931	(69)
<i>Total Local Unit Contributions</i>	<i>1,443,400</i>	<i>1,197,100</i>	<i>1,138,425</i>	<i>(58,675)</i>
<i>Charges for Services:</i>				
Circuit Court - Administration	771,300	708,200	686,370	(21,830)
District Court	2,312,600	2,312,600	2,173,687	(138,913)
Friend of the Court	160,000	184,000	184,679	679
Probate Court	66,500	66,500	69,472	2,972
Elections	175,000	175,000	62,233	(112,767)
County Clerk/Register of Deeds	1,674,800	1,674,800	1,987,308	312,508
Resource Development	-	-	2,600	2,600
Equalization	-	3,200	3,200	-
Prosecuting Attorney	29,000	29,000	36,276	7,276
Treasurer	38,100	38,100	51,402	13,302
Drain Commissioner	2,500	2,500	2,505	5
Sheriff	1,013,100	1,013,100	1,203,699	190,599
Animal Services and Enforcement	78,900	78,900	70,535	(8,365)
MSU Extension	9,200	18,700	18,692	(8)
Planning	4,500	8,500	9,166	666
<i>Total Charges for Services</i>	<i>6,335,500</i>	<i>6,313,100</i>	<i>6,561,824</i>	<i>248,724</i>
<i>Fines and Forfeitures:</i>				
Circuit Court - Administration	20,000	21,500	20,476	(1,024)
District Court	1,735,000	1,735,000	1,541,348	(193,652)
Prosecuting Attorney	58,900	58,900	74,723	15,823
Treasurer	1,500	1,500	1,327	(173)
Soil Erosion and Sedimentation Control	500	500	-	(500)
<i>Total Fines and Forfeitures</i>	<i>1,815,900</i>	<i>1,817,400</i>	<i>1,637,874</i>	<i>(179,526)</i>
<i>Interest and Rents</i>	<i>807,200</i>	<i>807,200</i>	<i>831,574</i>	<i>24,374</i>

# County of Kalamazoo, Michigan

## General Fund Schedule of Sources and Uses of Financial Resources (continued)

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues (Concluded):</b>				
<i>Other:</i>				
Non-departmental Revenue	\$ -	\$ 3,200	\$ 3,206	\$ 6
Circuit Court - Administration	800	800	761	(39)
District Court	45,000	45,000	36,670	(8,330)
Friend of the Court	200	-	-	-
Probate Court	3,000	3,000	4,209	1,209
Family Counseling Services	25,400	25,400	25,215	(185)
County Clerk/Register of Deeds	5,000	5,000	13,245	8,245
Finance	16,000	16,000	11,076	(4,924)
Indirect Costs	798,800	798,800	811,744	12,944
Prosecuting Attorney	1,000	1,000	2,288	1,288
Treasurer	-	-	1,382	1,382
Drain Commissioner	600	600	15	(585)
Sheriff	470,400	470,400	382,214	(88,186)
Animal Services and Enforcement	14,400	14,400	16,939	2,539
Emergency Management	-	-	175	175
Veteran's Affairs	1,000	1,000	300	(700)
<b>Total Other</b>	<b>1,381,600</b>	<b>1,384,600</b>	<b>1,309,439</b>	<b>(75,161)</b>
<i>Contributions and Donations:</i>				
County Clerk/Register of Deeds	-	-	500	500
Resource Development	-	-	3,305	3,305
Sheriff	500	500	1,080	580
MSU Extension	5,000	5,000	5,000	-
<b>Total Contributions and Donations</b>	<b>5,500</b>	<b>5,500</b>	<b>9,885</b>	<b>4,385</b>
<b>Total Revenues</b>	<b>57,789,300</b>	<b>57,644,400</b>	<b>58,484,576</b>	<b>840,176</b>

# County of Kalamazoo, Michigan

## General Fund Schedule of Sources and Uses of Financial Resources (continued)

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Expenditures:</b>				
<i>Legislative:</i>				
Board of Commissioners	\$ 289,900	\$ 289,900	\$ 276,137	\$ 13,763
County Administration	520,200	508,600	503,906	4,694
Legal Services	199,000	199,200	193,643	5,557
<i>Total Legislative</i>	<i>1,009,100</i>	<i>997,700</i>	<i>973,686</i>	<i>24,014</i>
<i>Judicial:</i>				
Circuit Court - Administration	5,401,000	5,394,100	5,194,285	199,815
Circuit Court - Trial Division	457,600	447,100	445,633	1,467
Circuit Court - Family Division	858,800	860,800	859,324	1,476
District Court	5,073,100	4,836,900	4,822,185	14,715
Jury Board	3,300	3,300	3,096	204
Probate Court	921,200	922,900	908,032	14,868
<i>Total Judicial</i>	<i>12,715,000</i>	<i>12,465,100</i>	<i>12,232,555</i>	<i>232,545</i>
<i>General Government:</i>				
Elections	515,300	519,600	407,549	112,051
County Clerk/Register of Deeds	648,900	598,200	587,113	11,087
Resource Development	54,000	62,700	61,262	1,438
Finance	1,036,800	1,082,500	1,077,889	4,611
Equalization	445,200	436,000	411,114	24,886
Human Resources	647,100	646,500	618,306	28,194
Information Systems	952,300	907,700	882,146	25,554
Prosecuting Attorney	2,406,400	2,606,900	2,392,569	214,331
Purchasing	106,800	102,200	99,965	2,235
Treasurer	724,600	720,100	716,284	3,816
Building and Grounds	2,269,700	2,266,200	2,191,953	74,247
Utilities	1,017,000	1,017,000	801,005	215,995
Security	572,200	572,200	652,106	(79,906)
Drain Commissioner	278,700	277,900	233,776	44,124
Soil Erosion and Sedimentation Control	85,500	81,400	78,235	3,165
Planning and Community Development	151,300	151,700	149,484	2,216
Appropriation to SW Michigan First	75,000	75,000	75,000	-
<i>Total General Government</i>	<i>11,986,800</i>	<i>12,123,800</i>	<i>11,435,756</i>	<i>688,044</i>

# County of Kalamazoo, Michigan

## General Fund Schedule of Sources and Uses of Financial Resources (continued)

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Final Budget Positive (Negative)</i>
<b>Expenditures (Concluded):</b>				
<i>Public Safety:</i>				
Sheriff	\$ 15,398,100	\$ 15,501,100	\$ 15,012,531	\$ 488,569
Animal Services and Enforcement	577,600	568,500	547,891	20,609
Emergency Management	225,800	221,100	226,566	(5,466)
Adult Probation	50,700	50,700	43,664	7,036
<i>Total Public Safety</i>	<i>16,252,200</i>	<i>16,341,400</i>	<i>15,830,652</i>	<i>510,748</i>
<i>Health and Welfare:</i>				
Human Services Administration	1,027,700	968,200	951,782	16,418
Veteran's Affairs	150,900	151,600	147,356	4,244
Medical Examiner	522,400	522,400	504,942	17,458
Veteran's Burial	104,400	104,400	117,600	(13,200)
Soldier and Sailor Relief	9,800	9,800	6,699	3,101
<i>Appropriations to:</i>				
Kalamazoo Community Mental Health and Substance Abuse Services	2,462,800	2,544,200	2,544,145	55
Public Housing	-	250,000	250,000	-
Michigan Department of Human Services	19,000	19,000	19,000	-
Child Care Welfare	612,100	612,100	612,100	-
<i>Total Health and Welfare</i>	<i>4,909,100</i>	<i>5,181,700</i>	<i>5,153,624</i>	<i>28,076</i>
<i>Recreation and Culture - MSU Extension</i>	<i>291,700</i>	<i>300,100</i>	<i>300,457</i>	<i>(357)</i>
<i>Other:</i>				
Budget Stabilization	2,500,000	2,500,000	-	2,500,000
Contingencies	200,500	1,043,200	-	1,043,200
Reserves	801,200	861,200	204,039	657,161
At-Large Drains	24,200	24,200	23,735	465
DD/MI/Other Personnel Costs	118,200	-	-	-
Insurance and Surety Bonds	878,600	878,600	77,420	801,180
Strategic Issues	35,000	115,000	27,226	87,774
<i>Total Other</i>	<i>4,557,700</i>	<i>5,422,200</i>	<i>332,420</i>	<i>5,089,780</i>
<i>Capital Outlay</i>	<i>887,600</i>	<i>2,606,600</i>	<i>1,270,951</i>	<i>1,335,649</i>
<b>Total Expenditures</b>	<b>52,609,200</b>	<b>55,438,600</b>	<b>47,530,101</b>	<b>7,908,499</b>
<b>Excess of Revenues Over Expenditures</b>	<b>5,180,100</b>	<b>2,205,800</b>	<b>10,954,475</b>	<b>8,748,675</b>

# County of Kalamazoo, Michigan

## General Fund Schedule of Sources and Uses of Financial Resources (concluded)

**Other Financing Sources (Uses):**

*Transfers In:*

Accommodation Tax Fund	\$ 31,100	\$ 31,900	\$ 32,296	\$ 396
Internal Delinquent Tax Revolving Fund	1,200,000	1,200,000	1,200,000	-
Tax Reversion Fund	425,000	425,000	425,000	-
Wireless Emergency Fund	100,000	180,000	180,000	-
Veterans' Trust Fund	9,000	9,000	9,000	-

<i>Total Transfers In</i>	<i>1,765,100</i>	<i>1,845,900</i>	<i>1,846,296</i>	<i>396</i>
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*Transfers Out:*

Parks and Recreation Fund	(258,900)	(214,600)	(161,902)	52,698
Friend of the Court Fund	(986,100)	(951,500)	(817,297)	134,203
GCPI	(2,653,600)	(10,653,600)	(10,684,186)	(30,586)
Health Fund	(2,254,100)	(2,092,900)	(1,970,592)	122,308
Law Library Fund	(42,900)	(42,900)	(42,628)	272
Area Agency on Aging Fund	(200,000)	(200,000)	(200,000)	-
Child Care Probate Fund	(3,412,100)	(3,093,500)	(2,996,547)	96,953
Judicial Special Grants Fund	(137,500)	(172,500)	(223,698)	(51,198)

<i>Total Transfers Out</i>	<i>(9,945,200)</i>	<i>(17,421,500)</i>	<i>(17,096,850)</i>	<i>324,650</i>
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<b>Total Other Financing Uses</b>	<b>(8,180,100)</b>	<b>(15,575,600)</b>	<b>(15,250,554)</b>	<b>325,046</b>
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<b>Net Change in Fund Balance</b>	<b>\$(3,000,000)</b>	<b>\$(13,369,800)</b>	<b>\$(4,296,079)</b>	<b>\$ 9,073,721</b>
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## Nonmajor Government Funds

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# County of Kalamazoo, Michigan

## Nonmajor Governmental Funds

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### 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 and Recreation Fund* - This fund was established to account for the maintenance and operation of the County owned parks and fairgrounds. Funding is provided from charges for services, grants, and interfund transfers.

*Friend of the Court Fund* - This fund was established to account for the operations of the Friend of the Court, including costs incurred in the collection and subsequent disbursement of child support payments. Funding 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.

*Accommodation Tax Fund* - This fund was established to account 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.

*Revenue Sharing Reserve Fund* - This fund accounts for the gradual shift in the County's property tax millage from a winter tax levy to a summer tax levy as required by the Michigan state Public Act 357 of 2004.

*Law Library Fund* - This fund was established to account for funds provided for the maintenance of a law library. Funding is provided from penal fees and interfund transfers.

*Area Agency on Aging Fund* - This fund was established to account for operation and administration of service programs to senior citizens. Funding is provided through federal and state grants.

*Child Care Probate Fund* - This fund was established to account for the County court-administered health and welfare of minor children. Funding is provided through federal and state grants and interfund transfers.

*Veterans' Trust Fund* - This fund was established to account for financial assistance provided to qualified veterans. Funding is provided through state grants.

*Community Healthy Start Fund* - This fund was established to account for operations aimed at reducing infant mortality. Funding is provided through federal grants and local grants and interfund transfers.

*HIV/AIDS Consortium Fund* - This fund was established to account 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. This fund was closed in 2011.

*Community Corrections Fund* - This fund was established to account 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.

# County of Kalamazoo, Michigan

## Nonmajor Governmental Funds

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### Special Revenue Funds (concluded)

*Workforce Investment Act (W.I.A.) Fund* - This fund was established to account for training and employment programs within Kalamazoo and St. Joseph Counties under the Jobs Training Partnership Act. Funding is provided through federal and state grants.

*Head Start Fund* - This fund was established to account for preschool readiness programs offered to eligible children. Funding is provided through federal grants.

*Judicial Special Grants Fund* - This fund was established to account 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 Safety Special Grants Fund* - this Fund was established to account 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* - This fund was established to account 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* - This fund was established to account 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.

*Other Special Grants Fund* - This fund was established to account for various other function activities financed by local grants restricted for such activities. None are considered individually significant to require presentation in a separate fund.

*Community Economic Development Special Grants Fund* - This was established to account for the activity of the County's Brownfield Redevelopment Authority. Funding is provided through tax increment financing, federal and state grants, and General Fund appropriations.

*Capital Outlay Special Grants Fund* - This fund was established to account 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.

### Debt Service Funds

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

*1982 Water Supply System No. 1 Bonds Fund* - This fund was established to account for collection of local unit contributions and the payment of limited tax obligation debt service (principal and interest). This debt is a special assessment debt secured by a commitment from the Village of Climax, issued in connection with a water supply system project.

*1996 Sewage Disposal System No. 7 Bonds Fund* - This fund was established to account for the collection of local unit contributions and the payment of limited tax obligation debt service (principal and interest). This debt is a special assessment debt secured by a commitment from the Charter Township of Comstock, issued in connection with a sanitary sewage system project.

# County of Kalamazoo, Michigan

## Nonmajor Governmental Funds

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### Debt Service Funds (concluded)

*2010 Indian Lake/Pickereel Lake Sewage Disposal System Bonds Fund* - This fund was established to account for the collection of local unit contributions and the payment of limited tax obligation debt service (principal and interest). This debt is a special assessment debt secured by a commitment from the Townships of Brady and Pavilion, issued in connection with a sanitary sewage system project.

*2001 Cooper Township Sanitary Sewage Disposal System Bonds Fund* - This fund was established to account for the collection of local unit contributions and the payment of limited tax obligation debt service (principal and interest). This debt is a special assessment debt secured by a commitment from the Township of Cooper, issued in connection with a sanitary sewage system project.

*2004 Texas Township Sewage Disposal System Refunding Bonds Fund* - This fund was established to account for the collection of local unit contributions and the payment of limited obligation debt service (principal and interest). This debt refunded the 1991 and 1993 Texas Township Sewage Disposal Bonds. The refunded debt is a special assessment debt secured by a commitment from the Charter Township of Texas, issued in connection with a sanitary sewage system project.

*2005 Comstock Sewage Disposal Fund* - This fund was established to account for the collection of local unit contributions and the payment of limited tax obligation debt service. This debt is a special assessment debt secured by a commitment from Comstock Township, issued in connection with a sewage disposal system project.

*2005 Village of Augusta Water Supply Fund* - This fund was established to account for the collection of local unit contributions and the payment of limited tax obligation debt service. This debt is a special assessment debt secured by a commitment from the Village of Augusta, issued in connection with a water supply system project.

*2007 Austin Lake Bond Fund* - This fund was established to account for the collection of special assessments and the payment of the bond debt service (principal and interest). This debt is a special assessment debt secured by the Drainage District.

*2007 Juvenile Home Bond Fund* - This fund was established to account 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.

*2008 Townline Drain Fund* - This fund was established to account for the collection of special assessments and the payment of the bond debt service (principal and interest). This debt is a special assessment debt secured by the Drainage District.

*2011 Expo Center Improvements* - This fund was established to account 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.

# County of Kalamazoo, Michigan

## Nonmajor Governmental Funds

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### Capital Projects Funds

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

*Juvenile Home Building Project Fund* - This fund was established to account for the construction of a new Juvenile Home to be funded by a voter-approved millage. Monies for this purpose are advanced from the General Fund and later replenished through the sale of bonds.

*Drains Fund* - This fund was established to account for drain project costs prior to actual special assessments being levied. Monies for this purpose are advanced from the General Fund and later replenished as special assessments are levied upon benefited properties.

*Oshtemo Township Water Supply System Construction Fund* - This fund was established to account for the receipt and use of bond proceeds in connection with a water supply system project within the Charter Township of Oshtemo.

*Lake Improvement Revolving Fund* - This fund was established to account for inland lake projects prior to actual special assessments being levied. Monies for this purpose are advanced from the General Fund and later repaid by the Lake Association assessments and are levied upon benefited properties.

*Lake Level Revolving Fund* - This fund was established to account for lake level project costs prior to actual special assessments levied upon benefited properties.

*Expo Center Construction Fund* - This fund was established to account for the improvements to the Expo Center to be funded by a portion of the County Accommodation Tax and the bond proceeds.

# County of Kalamazoo, Michigan

## Nonmajor Governmental Funds Combining Balance Sheet

<i>December 31, 2012</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Other Governmental</i>
<b>Assets:</b>				
Cash	\$3,706,518	\$ 516,284	\$211,498	\$ 4,434,300
Investments	942,761	-	-	942,761
Receivables -				
Accounts/taxes	208,632	1,459,058	25,931	1,693,621
Due from other governmental units	4,225,979	-	53,436	4,279,415
Other	52,978	-	-	52,978
<b>Total Assets</b>	<b>\$9,136,868</b>	<b>\$1,975,342</b>	<b>\$290,865</b>	<b>\$ 11,403,075</b>
 <b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Checks issued against future deposits	\$2,687,070	\$ -	\$ -	\$ 2,687,070
Accounts payable	679,558	-	3,170	682,728
Due to governmental units	122,093	-	24,567	146,660
Accrued liabilities	548,722	-	-	548,722
Advances to other funds	-	-	76,197	76,197
Unearned revenue	758,446	1,737,310	109,052	2,604,808
<b>Total Liabilities</b>	<b>4,795,889</b>	<b>1,737,310</b>	<b>212,986</b>	<b>6,746,185</b>
<b>Fund Balance:</b>				
Assigned	15,246	-	-	15,246
Restricted	4,325,733	238,032	77,879	4,641,644
<b>Fund Balance</b>	<b>4,340,979</b>	<b>238,032</b>	<b>77,879</b>	<b>4,656,890</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$9,136,868</b>	<b>\$1,975,342</b>	<b>\$290,865</b>	<b>\$ 11,403,075</b>

# County of Kalamazoo, Michigan

## Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

<i>Year Ended December 31, 2012</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Other Governmental</i>
<b>Revenues:</b>				
Taxes	\$2,256,848	\$ -	\$ -	\$ 2,256,848
Federal grants	20,846,014	-	-	20,846,014
State grants	6,492,924	-	-	6,492,924
Local unit contributions	44,100	3,301,813	-	3,345,913
Donations and contributions	1,094,580	-	-	1,094,580
Charges for services	1,798,318	-	-	1,798,318
Interest and rents	59,315	1,018	179	60,512
Other	31,997	50,644	10,948	93,589
<b>Total Revenues</b>	<b>32,624,096</b>	<b>3,353,475</b>	<b>11,127</b>	<b>35,988,698</b>
<b>Expenditures:</b>				
Current:				
Judicial	4,672,259	-	-	4,672,259
Public safety	1,670,236	-	-	1,670,236
Public works	79,794	-	-	79,794
Health and welfare	26,307,514	-	-	26,307,514
Recreation and culture	3,121,622	-	-	3,121,622
Other	10,000	22,543	-	32,543
Community Economic Development	61,191	-	-	61,191
Debt service:				
Principal	-	1,720,000	-	1,720,000
Interest and other charges	-	1,462,091	-	1,462,091
Bond issuance costs	-	26,039	-	26,039
Capital outlay	944,813	-	117,886	1,062,699
<b>Total Expenditures</b>	<b>36,867,429</b>	<b>3,230,673</b>	<b>117,886</b>	<b>40,215,988</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(4,243,333)</b>	<b>122,802</b>	<b>(106,759)</b>	<b>(4,227,290)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	4,827,488	253,810	75,433	5,156,731
Transfers out	(714,124)	-	-	(714,124)
Payment to refunded bond escrow agent	-	(1,550,000)	-	(1,550,000)
Issuance of refunding bonds	-	1,195,000	-	1,195,000
Premium on refunding bonds	-	(15,500)	-	(15,500)
<b>Total Other Financing Sources (Uses)</b>	<b>4,113,364</b>	<b>(116,690)</b>	<b>75,433</b>	<b>4,072,107</b>
<b>Net Change in Fund Balance</b>	<b>(129,969)</b>	<b>6,112</b>	<b>(31,326)</b>	<b>(155,183)</b>
<b>Fund Balance, beginning of year</b>	<b>4,470,948</b>	<b>231,920</b>	<b>109,205</b>	<b>4,812,073</b>
<b>Fund Balance, end of year</b>	<b>\$4,340,979</b>	<b>\$ 238,032</b>	<b>\$ 77,879</b>	<b>\$ 4,656,890</b>

# County of Kalamazoo, Michigan

## Nonmajor Special Revenue Funds Combining Balance Sheet

### Special Revenue

December 31, 2012	Parks and Recreation	Friend of the Court	Accommodation Tax	Area Agency on Aging	Child Care Probate	Veterans' Trust	Community Healthy Start	HIV/AIDS Consortium
<b>Assets:</b>								
Cash	\$ 38,801	\$ -	\$ 232,782	\$ -	\$ -	\$ -	\$ -	\$ 37,071
Investments	-	-	-	-	-	-	-	-
Accounts receivable	64,720	-	-	30,278	1,345	-	-	-
Due from other governmental units	-	556,540	24,567	502,891	816,685	1,169	535,301	-
Other	2,819	260	-	3,609	-	-	1,106	-
<b>Total Assets</b>	<b>\$ 106,340</b>	<b>\$ 556,800</b>	<b>\$ 257,349</b>	<b>\$ 536,778</b>	<b>\$ 818,030</b>	<b>\$ 1,169</b>	<b>\$ 536,407</b>	<b>\$ 37,071</b>
<b>Liabilities and Fund Balance</b>								
<b>Liabilities:</b>								
Checks issued against future deposits	\$ -	\$ 455,872	\$ -	\$ 391,765	\$ 460,125	\$ 1,169	\$ 447,514	\$ -
Accounts payable	22,370	15,595	5,020	72,915	209,566	-	2,932	21,316
Due to governmental units	-	-	-	89	-	-	3,048	15,755
Accrued liabilities	26,497	85,333	-	10,299	148,339	-	13,987	-
Unearned revenues	57,473	-	-	3,081	-	-	68,860	-
<b>Total Liabilities</b>	<b>106,340</b>	<b>556,800</b>	<b>5,020</b>	<b>478,149</b>	<b>818,030</b>	<b>1,169</b>	<b>536,341</b>	<b>37,071</b>
<b>Fund Balance:</b>								
Assigned	-	-	-	-	-	-	-	-
Restricted	-	-	252,329	58,629	-	-	66	-
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>252,329</b>	<b>58,629</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 106,340</b>	<b>\$ 556,800</b>	<b>\$ 257,349</b>	<b>\$ 536,778</b>	<b>\$ 818,030</b>	<b>\$ 1,169</b>	<b>\$ 536,407</b>	<b>\$ 37,071</b>

# County of Kalamazoo, Michigan

## Nonmajor Special Revenue Funds Combining Balance Sheet

<i>Special Revenue</i>									
<i>Community Corrections</i>	<i>Head Start</i>	<i>Judicial Special Grants</i>	<i>Public Safety Special Grants</i>	<i>Public Works Special Grants</i>	<i>Health and Welfare Special Grants</i>	<i>Community Economic Development Special Grants</i>	<i>Capital Outlay Special Grants</i>	<i>Total Special Revenue</i>	
\$ 252,234	\$ -	\$ 99,353	\$ 1,019,619	\$ 6,744	\$ 1,227,532	\$ 191,971	\$ 600,411	\$ 3,706,518	
-	-	-	-	-	138,098	-	804,663	942,761	
-	-	38,790	22,749	6,261	44,489	-	-	208,632	
105,958	460,147	299,064	321,544	32,955	569,158	-	-	4,225,979	
2,941	26,426	-	-	-	15,817	-	-	52,978	
\$ 361,133	\$ 486,573	\$ 437,207	\$ 1,363,912	\$ 45,960	\$ 1,995,094	\$ 191,971	\$ 1,405,074	\$ 9,136,868	
\$ -	\$ 88,931	\$ 226,191	\$ 172,277	\$ -	\$ 442,576	\$ 650	\$ -	\$ 2,687,070	
25,241	33,405	71,923	84,075	42,960	65,728	-	6,512	679,558	
5,385	-	10,869	10,658	2,363	73,926	-	-	122,093	
14,875	113,700	37,635	17,973	-	79,236	-	848	548,722	
13,732	249,567	8,899	22,580	22	334,232	-	-	758,446	
59,233	485,603	355,517	307,563	45,345	995,698	650	7,360	4,795,889	
-	970	-	-	-	-	505	13,771	15,246	
301,900	-	81,690	1,056,349	615	999,396	190,816	1,383,943	4,325,733	
301,900	970	81,690	1,056,349	615	999,396	191,321	1,397,714	4,340,979	
\$ 361,133	\$ 486,573	\$ 437,207	\$ 1,363,912	\$ 45,960	\$ 1,995,094	\$ 191,971	\$ 1,405,074	\$ 9,136,868	

*Special Revenue*

<i>Year Ended</i> <i>December 31, 2012</i>	<i>Parks and</i> <i>Recreation</i>	<i>Friend</i> <i>of the</i> <i>Court</i>	<i>Accom-</i> <i>modation</i> <i>Tax</i>	<i>Law</i> <i>Library</i>	<i>Area</i> <i>Agency on</i> <i>Aging</i>	<i>Child</i> <i>Care</i> <i>Probate</i>	<i>Veterans'</i> <i>Trust</i>	<i>Community</i> <i>Healthy</i> <i>Start</i>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ 2,153,755	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	2,070,246	-	-	863,455	79,337	-	601,200
State grants	-	-	-	-	321,273	3,330,261	34,587	-
Local unit contributions	-	-	-	-	-	44,100	-	-
Donations and contributions	301,749	-	-	-	31,616	14,583	500	13,126
Charges for services	900,739	74,572	-	-	31,814	31,875	-	-
Interest	20,155	-	-	-	-	-	-	-
Other	5,240	270	-	6,500	1,246	39	-	-
<b>Total Revenues</b>	<b>1,227,883</b>	<b>2,145,088</b>	<b>2,153,755</b>	<b>6,500</b>	<b>1,249,404</b>	<b>3,500,195</b>	<b>35,087</b>	<b>614,326</b>
<b>Expenditures:</b>								
<b>Current:</b>								
Judicial	-	2,982,385	-	49,128	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	1,313,771	6,651,164	26,087	614,326
Recreation and culture	1,428,445	-	1,693,177	-	-	-	-	-
Comm./Econ. Development	-	-	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	10,000	-	-
Capital outlay	125	-	47,613	-	-	17,778	-	-
<b>Total Expenditures</b>	<b>1,428,570</b>	<b>2,982,385</b>	<b>1,740,790</b>	<b>49,128</b>	<b>1,313,771</b>	<b>6,678,942</b>	<b>26,087</b>	<b>614,326</b>
<b>Excess (Deficiency) of</b>								
<b>Revenues Over Expenditures</b>	<b>(200,687)</b>	<b>(837,297)</b>	<b>412,965</b>	<b>(42,628)</b>	<b>(64,367)</b>	<b>(3,178,747)</b>	<b>9,000</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>								
Transfers in	253,386	837,297	-	42,628	66,648	3,178,747	-	-
Transfers out	(52,699)	-	(453,023)	-	-	-	(9,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>200,687</b>	<b>837,297</b>	<b>(453,023)</b>	<b>42,628</b>	<b>66,648</b>	<b>3,178,747</b>	<b>(9,000)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(40,058)</b>	<b>-</b>	<b>2,281</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, beginning of year</b>	<b>-</b>	<b>-</b>	<b>292,387</b>	<b>-</b>	<b>56,348</b>	<b>-</b>	<b>-</b>	<b>66</b>
<b>Fund Balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 252,329</b>	<b>\$ -</b>	<b>\$ 58,629</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66</b>

# County of Kalamazoo, Michigan

## Nonmajor Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

<i>Special Revenue</i>									
<i>Community</i>			<i>Judicial</i>	<i>Public</i>	<i>Public</i>	<i>Health and</i>	<i>Community</i>	<i>Capital</i>	<i>Total</i>
<i>Corrections</i>	<i>W.I.A.</i>	<i>Head</i>	<i>Special</i>	<i>Safety</i>	<i>Works</i>	<i>Welfare</i>	<i>Economic</i>	<i>Outlay</i>	<i>Special</i>
		<i>Start</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>
<i>Revenue</i>									<i>Revenue</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,093	\$ -	\$ 2,256,848
-	8,169,377	4,660,502	857,717	623,321	7,388	2,913,471	-	-	20,846,014
441,692	267,815	-	252,456	645,092	65,358	1,134,390	-	-	6,492,924
-	-	-	-	-	-	-	-	-	44,100
-	-	-	274,742	20,799	7,003	370,462	-	60,000	1,094,580
204,038	-	-	46,348	86,398	-	177,219	-	245,315	1,798,318
-	-	-	-	-	-	36,743	-	2,417	59,315
-	-	637	-	15,333	-	2,732	-	-	31,997
645,730	8,437,192	4,661,139	1,431,263	1,390,943	79,749	4,635,017	103,093	307,732	32,624,096
-	-	-	1,640,746	-	-	-	-	-	4,672,259
702,683	-	-	-	967,553	-	-	-	-	1,670,236
-	-	-	-	-	79,794	-	-	-	79,794
-	8,437,192	4,610,953	-	-	-	4,654,021	-	-	26,307,514
-	-	-	-	-	-	-	-	-	3,121,622
-	-	-	-	-	-	-	61,191	-	61,191
-	-	-	-	-	-	-	-	-	10,000
-	-	50,186	596	629,978	-	5,245	-	193,292	944,813
702,683	8,437,192	4,661,139	1,641,342	1,597,531	79,794	4,659,266	61,191	193,292	36,867,429
(56,953)	-	-	(210,079)	(206,588)	(45)	(24,249)	41,902	114,440	(4,243,333)
-	-	-	223,698	21,757	-	150,628	-	52,699	4,827,488
-	-	-	-	(180,000)	-	(19,402)	-	-	(714,124)
-	-	-	223,698	(158,243)	-	131,226	-	52,699	4,113,364
(56,953)	-	-	13,619	(364,831)	(45)	106,977	41,902	167,139	(129,969)
358,853	-	970	68,071	1,421,180	660	892,419	149,419	1,230,575	4,470,948
\$ 301,900	\$ -	\$ 970	\$ 81,690	\$ 1,056,349	\$ 615	\$ 999,396	\$ 191,321	\$ 1,397,714	\$ 4,340,979

**County of Kalamazoo, Michigan**

**Nonmajor Debt Service Funds  
Combining Balance Sheet**

	<i>Debt Service</i>			
<i>December 31, 2012</i>	<i>2001 Cooper Township Sanitary Sewage Disposal System Bonds</i>	<i>2008 Townline Drain Bond Fund</i>	<i>2007 Juvenile Home Bond Fund</i>	<i>Total Debt Service</i>
<b>Assets:</b>				
Cash	\$ 3,461	\$90,520	\$ 422,303	\$ 516,284
Receivables - Taxes	-	-	1,459,058	1,459,058
<b>Total Assets</b>	<b>\$ 3,461</b>	<b>\$90,520</b>	<b>\$1,881,361</b>	<b>\$1,975,342</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities -</b>				
Unearned revenue	\$ -	\$ -	\$1,737,310	\$1,737,310
<b>Fund Balance -</b>				
Restricted	3,461	90,520	144,051	238,032
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,461</b>	<b>\$90,520</b>	<b>\$1,881,361</b>	<b>\$1,975,342</b>

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	<i>Debt Service</i>			
	<i>1982</i>	<i>1996</i>	<i>2010</i>	<i>2001</i>
<i>Year Ended December 31, 2012</i>	<i>Water</i>	<i>Sewage</i>	<i>Indian</i>	<i>Cooper</i>
	<i>Supply</i>	<i>Disposal</i>	<i>Lake/</i>	<i>Township</i>
	<i>System</i>	<i>System</i>	<i>Pickrel</i>	<i>Sanitary</i>
	<i>No. 1</i>	<i>No. 7</i>	<i>Lake</i>	<i>Sewage</i>
	<i>Bonds</i>	<i>Bonds</i>	<i>Disposal</i>	<i>Disposal</i>
	<i>System</i>	<i>System</i>	<i>System</i>	<i>System</i>
	<i>Bonds</i>	<i>Bonds</i>	<i>Bonds</i>	<i>Bonds</i>
<b>Revenues:</b>				
Interest and rents	\$ -	\$ -	\$ -	\$ -
Local unit contributions	19,625	152,019	346,050	577,939
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>19,625</b>	<b>152,019</b>	<b>346,050</b>	<b>577,939</b>
<b>Expenditures:</b>				
Principal retirement	15,000	125,000	280,000	125,000
Interest and fiscal charges	4,625	27,019	66,050	52,939
Bond issuance costs	-	-	-	26,039
Other	-	-	-	-
<b>Total Expenditures</b>	<b>19,625</b>	<b>152,019</b>	<b>346,050</b>	<b>203,978</b>
<b>Excess of Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>373,961</b>
<b>Other Financing Sources (Uses) -</b>				
Transfer in	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(1,550,000)
Issuance of refunding bonds/notes	-	-	-	1,195,000
Premium on refunding bonds	-	-	-	(15,500)
<b>Total other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(370,500)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,461</b>
<b>Fund Balance, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,461</b>

# County of Kalamazoo, Michigan

## Nonmajor Debt Service Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

<i>Debt Service</i>							
2004 Texas Township Sewage Disposal System Refunding Bonds	2005 Comstock Sewage Disposal	2005 Village of Augusta Water Supply	2007 Austin Lake Bond	2007 Juvenile Home Bond	2008 Townline Drain	2011 Expo Center Improvements	Total Debt Service
\$ -	\$ -	\$ -	\$ -	\$ 912	\$ 106	\$ -	\$ 1,018
227,925	184,238	46,720	-	1,747,297	-	-	3,301,813
-	-	-	-	-	50,644	-	50,644
227,925	184,238	46,720	-	1,748,209	50,750	-	3,353,475
215,000	175,000	35,000	-	550,000	40,000	160,000	1,720,000
12,925	9,238	11,720	-	1,171,313	12,452	93,810	1,462,091
-	-	-	-	-	-	-	26,039
-	-	-	22,543	-	-	-	22,543
227,925	184,238	46,720	22,543	1,721,313	52,452	253,810	3,230,673
-	-	-	(22,543)	26,896	(1,702)	(253,810)	122,802
-	-	-	-	-	-	253,810	253,810
-	-	-	-	-	-	-	(1,550,000)
-	-	-	-	-	-	-	1,195,000
-	-	-	-	-	-	-	(15,500)
-	-	-	-	-	-	253,810	(116,690)
-	-	-	(22,543)	26,896	(1,702)	-	6,112
-	-	-	22,543	117,155	92,222	-	231,920
\$ -	\$ -	\$ -	\$ -	\$ 144,051	\$ 90,520	\$ -	\$ 238,032

# County of Kalamazoo, Michigan

## Nonmajor Capital Projects Funds Combining Balance Sheet

December 31, 2012	<i>Capital Projects</i>						<i>Total Capital Projects</i>
	<i>Juvenile Home Building Project</i>	<i>Drains</i>	<i>Oshtemo Township Water Supply System Construction</i>	<i>Lake Improvement Revolving</i>	<i>Lake Level Revolving Fund</i>	<i>Expo Center Construction</i>	
<b>Assets:</b>							
Cash	\$ 158,120	\$ -	\$ 28,811	\$ -	\$ -	\$ 24,567	\$ 211,498
Receivables:							
Accounts/taxes	-	-	-	25,931	-	-	25,931
Due from other governmental units	-	53,256	-	-	180	-	53,436
<b>Total Assets</b>	<b>\$ 158,120</b>	<b>\$ 53,256</b>	<b>\$ 28,811</b>	<b>\$ 25,931</b>	<b>\$ 180</b>	<b>\$ 24,567</b>	<b>\$ 290,865</b>
 <b>Total Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ 2,990	\$ -	\$ -	\$ 180	\$ -	\$ 3,170
Due to other							
governmental units	-	-	-	-	-	24,567	24,567
Advance from other funds	-	50,266	-	25,931	-	-	76,197
Unearned Revenue	109,052	-	-	-	-	-	109,052
<b>Total Liabilities</b>	<b>109,052</b>	<b>53,256</b>	<b>-</b>	<b>25,931</b>	<b>180</b>	<b>24,567</b>	<b>212,986</b>
 <b>Fund Balance -</b>							
Restricted	49,068	-	28,811	-	-	-	77,879
<b>Total Liabilities and Fund Balance</b>	<b>\$ 158,120</b>	<b>\$ 53,256</b>	<b>\$ 28,811</b>	<b>\$ 25,931</b>	<b>\$ 180</b>	<b>\$ 24,567</b>	<b>\$ 290,865</b>

# County of Kalamazoo, Michigan

## Nonmajor Capital Projects Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

	<i>Capital Projects</i>			
	<i>Oshtemo Township</i>			
	<i>Water Supply</i>			
<i>Year Ended</i> <i>December 31, 2012</i>	<i>Juvenile Home</i> <i>Building Project</i>	<i>System</i> <i>Construction</i>	<i>Expo Center</i> <i>Construction</i>	<i>Total</i> <i>Capital Projects</i>
<i>Revenues:</i>				
Interest	\$ 129	\$ -	\$ 50	\$ 179
Other	10,948	-	-	10,948
<b>Total Revenues</b>	<b>11,077</b>	<b>-</b>	<b>50</b>	<b>11,127</b>
<i>Expenditures-</i>				
Capital outlay	10,948	-	106,938	117,886
<i>Excess (Deficiency) of Revenues</i>				
Over Expenditures	129	-	(106,888)	(106,759)
<i>Other Financing Sources -</i>				
Transfers in	-	-	75,433	75,433
<b>Net Change in Fund Balance</b>	<b>129</b>	<b>-</b>	<b>(31,455)</b>	<b>(31,326)</b>
Fund Balance, beginning of year	48,939	28,811	31,455	109,205
<b>Fund Balance, end of year</b>	<b>\$ 49,068</b>	<b>\$ 28,811</b>	<b>\$ -</b>	<b>\$ 77,879</b>

# County of Kalamazoo, Michigan

## Parks and Recreation Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Donations and contributions	\$ 369,600	\$ 369,600	\$ 301,749	\$ (67,851)
Charges for services	802,200	804,700	900,739	96,039
Interest and rents	18,000	15,500	20,155	4,655
Other	-	-	5,240	5,240
<b>Total Revenues</b>	<b>1,189,800</b>	<b>1,189,800</b>	<b>1,227,883</b>	<b>38,083</b>
<b>Expenditures:</b>				
Recreation and culture	1,529,300	1,485,000	1,428,445	56,555
Capital outlay	10,000	10,000	125	9,875
<b>Total Expenditures</b>	<b>1,539,300</b>	<b>1,495,000</b>	<b>1,428,570</b>	<b>66,430</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(349,500)</b>	<b>(305,200)</b>	<b>(200,687)</b>	<b>104,513</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	258,900	214,600	161,902	(52,698)
Accommodation Tax Fund	90,600	90,600	91,484	884
Transfers out -				
Parks Improvement Fund	-	-	(52,699)	(52,699)
<b>Total Other Financing Sources</b>	<b>349,500</b>	<b>305,200</b>	<b>200,687</b>	<b>(104,513)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## County of Kalamazoo, Michigan

### Friend of the Court Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Federal grants	\$2,090,000	\$1,970,300	\$2,070,246	\$ 99,946
Charges for services	73,000	73,800	74,572	772
Other	-	-	270	270
<b>Total Revenues</b>	<b>2,163,000</b>	<b>2,044,100</b>	<b>2,145,088</b>	<b>100,988</b>
<b>Expenditures -</b>				
Judicial	3,169,100	3,015,600	2,982,385	33,215
<b>Deficiency of Revenues Over Expenditures</b>	<b>(1,006,100)</b>	<b>(971,500)</b>	<b>(837,297)</b>	<b>134,203</b>
<b>Other Financing Sources -</b>				
Transfers in:				
General Fund	986,100	951,500	817,297	(134,203)
Law Enforcement Fund	20,000	20,000	20,000	-
<b>Total Other Financing Sources</b>	<b>1,006,100</b>	<b>971,500</b>	<b>837,297</b>	<b>(134,203)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# County of Kalamazoo, Michigan

## Accommodation Tax Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Taxes	\$2,070,000	\$2,120,000	\$2,153,755	\$ 33,755
Planned use of Fund Balance	-	100,000	-	(100,000)
<b>Total Revenues</b>	<b>2,070,000</b>	<b>2,220,000</b>	<b>2,153,755</b>	<b>(66,245)</b>
<b>Expenditures:</b>				
Recreation and culture	1,630,200	1,668,900	1,693,177	(24,277)
Capital outlay	65,700	74,800	47,613	27,187
<b>Total Expenditures</b>	<b>1,695,900</b>	<b>1,743,700</b>	<b>1,740,790</b>	<b>2,910</b>
<b>Excess of Revenues Over Expenditures</b>	<b>374,100</b>	<b>476,300</b>	<b>412,965</b>	<b>(63,335)</b>
<b>Other Financing Uses -</b>				
Transfers out:				
General Fund	(31,100)	(31,900)	(32,296)	(396)
Expo Center Construction	-	(100,000)	(75,433)	24,567
Expo Center Debt Service	(252,400)	(253,800)	(253,810)	(10)
Parks and Recreation Fund	(90,600)	(90,600)	(91,484)	884
<b>Total Other Financing Uses</b>	<b>(374,100)</b>	<b>(476,300)</b>	<b>(453,023)</b>	<b>23,277</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(40,058)</b>	<b>(40,058)</b>
<b>Fund Balance, beginning of year</b>	<b>292,387</b>	<b>292,387</b>	<b>292,387</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 292,387</b>	<b>\$ 292,387</b>	<b>\$ 252,329</b>	<b>\$ (40,058)</b>

County of Kalamazoo, Michigan

Law Library Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Other	\$ 6,500	\$ 6,500	\$ 6,500	\$ -
Expenditures -				
Judicial	49,400	49,400	49,128	272
Deficiency of Revenues Over Expenditures	(42,900)	(42,900)	(42,628)	272
Other Financing Sources -				
Transfers in - General Fund	42,900	42,900	42,628	(272)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

# County of Kalamazoo, Michigan

## Area Agency on Aging Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Federal grants	\$ -	\$ 839,532	\$ 863,455	\$ 23,923
State grants	-	361,503	321,273	(40,230)
Donations and contributions	-	35,000	31,616	(3,384)
Charges for services	-	6,954	31,814	24,860
Other	-	1,910	1,246	(664)
<b>Total Revenues</b>	-	1,244,899	1,249,404	4,505
<b>Expenditures -</b>				
Health and welfare	-	1,333,655	1,313,771	19,884
<b>Deficiency of Revenues Over Expenditures</b>	-	(88,756)	(64,367)	24,389
<b>Other Financing Sources -</b>				
Transfers in - General Fund	-	88,756	66,648	(22,108)
<b>Net Change in Fund Balance</b>	-	-	2,281	2,281
<b>Fund Balance, beginning of year</b>	56,348	56,348	56,348	-
<b>Fund Balance, end of year</b>	\$56,348	\$ 56,348	\$ 58,629	\$ 2,281

## County of Kalamazoo, Michigan

### Child Care Probate Special Revenue Fund

#### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Federal grants	\$ 83,500	\$ 75,700	\$ 79,337	\$ 3,637
State grants	3,419,300	3,329,400	3,330,261	861
Local unit contributions	44,000	44,000	44,100	100
Charges for services	30,900	30,300	31,875	1,575
Donations and contributions	3,000	10,200	14,583	4,383
Other	-	-	39	39
<b>Total Revenues</b>	<b>3,580,700</b>	<b>3,489,600</b>	<b>3,500,195</b>	<b>10,595</b>
<b>Expenditures:</b>				
Health and welfare	7,128,000	6,735,800	6,651,164	84,636
Other expenditures	10,000	10,000	10,000	-
Capital outlay	37,000	19,500	17,778	1,722
<b>Total Expenditures</b>	<b>7,175,000</b>	<b>6,765,300</b>	<b>6,678,942</b>	<b>86,358</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(3,594,300)</b>	<b>(3,275,700)</b>	<b>(3,178,747)</b>	<b>96,953</b>
<b>Other Financing Sources -</b>				
Transfers in:				
General Fund	3,412,100	3,093,500	2,996,547	(96,953)
Law Enforcement Fund	182,200	182,200	182,200	-
<b>Total Other Financing Sources</b>	<b>3,594,300</b>	<b>3,275,700</b>	<b>3,178,747</b>	<b>(96,953)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## County of Kalamazoo, Michigan

### Veterans' Trust Special Revenue Fund

#### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
State grants	\$ 25,700	\$ 25,700	\$ 34,587	\$ 8,887
Donations and contributions	-	-	500	500
<b>Total Revenues</b>	<b>25,700</b>	<b>25,700</b>	<b>35,087</b>	<b>9,387</b>
<b>Expenditures -</b>				
Health and welfare	16,700	16,700	26,087	(9,387)
<b>Excess of Revenues Over Expenditures</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>-</b>
<b>Other Financing Uses -</b>				
Transfers out - General Fund	(9,000)	(9,000)	(9,000)	-
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# County of Kalamazoo, Michigan

## Community Healthy Start Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Federal grants	\$ -	\$ 632,000	\$ 601,200	\$ (30,800)
Donations and contributions	-	1,300	13,126	11,826
<b>Total Revenues</b>	-	633,300	614,326	(18,974)
<b>Expenditures -</b>				
Health and welfare	-	633,300	614,326	18,974
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance, beginning of year</b>	66	66	66	-
<b>Fund Balance, end of year</b>	\$ 66	\$ 66	\$ 66	\$ -

# County of Kalamazoo, Michigan

## Community Corrections Special Revenue Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
State grants	\$ -	\$ 457,613	\$ 441,692	\$ (15,921)
Charges for services	-	237,000	204,038	(32,962)
<b>Total Revenues</b>	-	694,613	645,730	(48,883)
<b>Expenditures -</b>				
Public safety	-	694,613	702,683	(8,070)
<b>Net Change in Fund Balance</b>	-	-	(56,953)	(56,953)
<b>Fund Balance, beginning of year</b>	358,853	358,853	358,853	-
<b>Fund Balance, end of year</b>	\$358,853	\$358,853	\$301,900	\$ (56,953)

## County of Kalamazoo, Michigan

### Work Investment Act (W.I.A.) Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Federal grants	\$ -	\$ 8,889,904	\$ 8,169,377	\$ (720,527)
State grants	-	-	267,815	267,815
<b>Total Revenues</b>	-	8,889,904	8,437,192	(452,712)
<b>Expenditures -</b>				
Health and welfare	-	8,889,904	8,437,192	452,712
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance, beginning of year</b>	-	-	-	-
<b>Fund Balance, end of year</b>	\$ -	\$ -	\$ -	\$ -

# County of Kalamazoo, Michigan

## Head Start Special Revenue Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Federal grants	\$ -	\$ 8,685,749	\$ 4,660,502	\$ (4,025,247)
Other	-	-	637	637
<b>Total Revenues</b>	-	8,685,749	4,661,139	(4,024,610)
<b>Expenditures:</b>				
Health and welfare	-	8,571,171	4,610,953	3,960,218
Capital outlay	-	120,838	50,186	70,652
<b>Total Expenditures</b>	-	8,692,009	4,661,139	4,030,870
<b>Other Financing Sources - Transfers in</b>	-	6,260	-	(6,260)
<b>Net Change in Fund Balance</b>	-	(6,260)	-	6,260
<b>Fund Balance, beginning of year</b>	970	970	970	-
<b>Fund Balance, end of year</b>	\$ 970	\$ 970	\$ 970	\$ -

## County of Kalamazoo, Michigan

### Judicial Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Federal grants	\$ -	\$ 1,301,334	\$ 857,717	\$ (443,617)
State grants	-	257,357	252,456	(4,901)
Donations and contributions	-	421,969	274,742	(147,227)
Charges for services	-	39,000	46,348	7,348
<b>Total Revenues</b>	-	2,019,660	1,431,263	(588,397)
<b>Expenditures:</b>				
Judicial	-	2,216,313	1,640,746	575,567
Capital outlay	-	3,000	596	2,404
<b>Total Expenditures</b>	-	2,219,313	1,641,342	577,971
Deficiency of Revenues Over Expenditures	-	(199,653)	(210,079)	(10,426)
<b>Other Financing Sources -</b>				
Transfers in - General Fund	-	199,653	223,698	24,045
<b>Net Change in Fund Balance</b>	-	-	13,619	13,619
Fund Balance, beginning of year	68,071	68,071	68,071	-
<b>Fund Balance, end of year</b>	\$68,071	\$ 68,071	\$ 81,690	\$ 13,619

## County of Kalamazoo, Michigan

### Public Safety Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Federal grants	\$ -	\$ 550,385	\$ 623,321	\$ 72,936
State grants	453,000	636,600	645,092	8,492
Donations and contributions	-	19,880	20,799	919
Charges for services	75,000	84,600	86,398	1,798
Other	15,000	470,600	15,333	(455,267)
<b>Total Revenues</b>	<b>543,000</b>	<b>1,762,065</b>	<b>1,390,943</b>	<b>(371,122)</b>
<b>Expenditures:</b>				
Public safety	428,000	1,058,577	967,553	91,024
Capital outlay	-	545,789	629,978	(84,189)
<b>Total Expenditures</b>	<b>428,000</b>	<b>1,604,366</b>	<b>1,597,531</b>	<b>6,835</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>115,000</b>	<b>157,699</b>	<b>(206,588)</b>	<b>(364,287)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in - General Fund	-	22,301	21,757	(544)
Transfers out - General Fund	(100,000)	(180,000)	(180,000)	-
<b>Total Other Financing Uses</b>	<b>(100,000)</b>	<b>(157,699)</b>	<b>(158,243)</b>	<b>(544)</b>
<b>Net Change in Fund Balance</b>	<b>15,000</b>	<b>-</b>	<b>(364,831)</b>	<b>(364,831)</b>
<b>Fund Balance, beginning of year</b>	<b>1,421,180</b>	<b>1,421,180</b>	<b>1,421,180</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$1,436,180</b>	<b>\$1,421,180</b>	<b>\$1,056,349</b>	<b>\$ (364,831)</b>

## County of Kalamazoo, Michigan

### Public Works Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Federal grants	\$ -	\$ -	\$ 7,388	\$ 7,388
State grants	-	81,006	65,358	(15,648)
Donations and contributions	-	7,485	7,003	(482)
Other revenues	800	800	-	(800)
<b>Total Revenues</b>	<b>800</b>	<b>89,291</b>	<b>79,749</b>	<b>(9,542)</b>
<b>Expenditures -</b>				
Public works	800	89,291	79,794	9,497
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(45)</b>	<b>(45)</b>
<b>Fund Balance, beginning of year</b>	<b>660</b>	<b>660</b>	<b>660</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 660</b>	<b>\$ 660</b>	<b>\$ 615</b>	<b>\$ (45)</b>

## County of Kalamazoo, Michigan

### Health and Welfare Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Federal grants	\$ -	\$ 2,576,335	\$ 2,913,471	\$ 337,136
State grants	-	1,419,177	1,134,390	(284,787)
Donations and contributions	-	582,415	370,462	(211,953)
Charges for services	-	233,064	177,219	(55,845)
Interest and rents	-	-	36,743	36,743
Other	-	54,152	2,732	(51,420)
<b>Total Revenues</b>	-	4,865,143	4,635,017	(230,126)
<b>Expenditures:</b>				
Health and welfare	-	4,981,485	4,654,021	327,464
Capital outlay	-	25,291	5,245	20,046
<b>Total Expenditures</b>	-	5,006,776	4,659,266	347,510
<b>Deficiency of Revenues Over Expenditure:</b>	-	(141,633)	(24,249)	117,384
<b>Other Financing Sources (Uses):</b>				
Transfers in -				
General Fund	-	147,893	150,628	2,735
Transfers out:				
General Fund	-	(4,134)	(17,276)	13,142
Heath Fund	-	(2,126)	(2,126)	-
<b>Total Other Financing Sources</b>	-	141,633	131,226	(10,407)
<b>Net Change in Fund Balance</b>	-	-	106,977	106,977
<b>Fund Balance, beginning of year</b>	892,419	892,419	892,419	-
<b>Fund Balance, end of year</b>	\$892,419	\$ 892,419	\$ 999,396	\$ 106,977

## County of Kalamazoo, Michigan

### Capital Outlay Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Donations and contributions	\$ -	\$ -	\$ 60,000	\$ 60,000
Charges for services	200,000	200,000	245,315	45,315
Interest and revenues	15,000	15,000	2,417	(12,583)
Other revenues	195,000	195,000	-	(195,000)
<b>Total Revenues</b>	<b>410,000</b>	<b>410,000</b>	<b>307,732</b>	<b>(102,268)</b>
<b>Expenditures -</b>				
Capital outlay	410,000	410,000	193,292	216,708
<b>Excess of Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>114,440</b>	<b>114,440</b>
<b>Other Financing Sources -</b>				
Transfers in - Parks and Recreation Fund	-	-	52,699	52,699
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>167,139</b>	<b>167,139</b>
<b>Fund Balance, beginning of year</b>	<b>1,230,575</b>	<b>1,230,575</b>	<b>1,230,575</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$1,230,575</b>	<b>\$1,230,575</b>	<b>\$1,397,714</b>	<b>\$ 167,139</b>

## County of Kalamazoo, Michigan

### Community Economic Development Special Grants Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Taxes	\$ 93,000	\$103,000	\$103,093	\$ 93
Other	10,000	-	-	-
<b>Total Revenues</b>	103,000	103,000	103,093	93
<b>Expenditures -</b>				
Community Economic Development	103,000	103,000	61,191	41,809
<b>Net Change in Fund Balance</b>	-	-	41,902	41,902
<b>Fund Balance, beginning of year</b>	149,419	149,419	149,419	-
<b>Fund Balance, end of year</b>	\$149,419	\$149,419	\$191,321	\$ 41,902

## Internal Service Funds

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# County of Kalamazoo, Michigan

## Internal Service Funds

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### Internal Service Funds

The Internal Service Funds are used to 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 government units on a cost reimbursement basis.

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

*Nazareth Facility Fund* - This 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* - This 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* - This 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.

# County of Kalamazoo, Michigan

## Combining Statement of Net Position Internal Service Funds

<i>December 31, 2012</i>	<i>Employee Benefits</i>	<i>Technology</i>	<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Total</i>
<b>Assets:</b>						
Cash	\$2,797,793	\$1,137,555	\$199,535	\$107,902	\$ 3,088	\$ 4,245,873
Investments	5,925,942	-	-	-	-	5,925,942
Accounts receivable	535,745	-	13	4,037	-	539,795
Due from other funds	16,966	-	-	-	-	16,966
Accrued interest	14,776	-	-	-	-	14,776
Inventories	-	3,872	1,125	89,117	-	94,114
Prepaid items	111,615	63,933	11,382	-	-	186,930
<b>Total Current Assets</b>	<b>9,402,837</b>	<b>1,205,360</b>	<b>212,055</b>	<b>201,056</b>	<b>3,088</b>	<b>11,024,396</b>
<b>Capital Assets,</b>						
net of accumulated depreciation	115,733	476,489	173,382	-	-	765,604
<b>Total Assets</b>	<b>\$9,518,570</b>	<b>\$1,681,849</b>	<b>\$385,437</b>	<b>\$201,056</b>	<b>\$ 3,088</b>	<b>\$11,790,000</b>
<b>Liabilities and Net Position</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 496,726	\$ 5,606	\$ 28,261	\$ 41,835	\$ 76	\$ 572,504
Due to other funds	137,473	-	-	-	-	137,473
Accrued liabilities	181,200	17,751	29,197	5,486	3,012	236,646
Liability for estimated claims	725,019	-	-	-	-	725,019
Deposits payable	31,467	-	-	8,654	-	40,121
<b>Total Liabilities</b>	<b>1,571,885</b>	<b>23,357</b>	<b>57,458</b>	<b>55,975</b>	<b>3,088</b>	<b>1,711,763</b>
<b>Net Position:</b>						
Investment in capital assets, net of related debt	115,733	476,489	173,382	-	-	765,604
Unrestricted	7,830,952	1,182,003	154,597	145,081	-	9,312,633
<b>Total Net Position</b>	<b>7,946,685</b>	<b>1,658,492</b>	<b>327,979</b>	<b>145,081</b>	<b>-</b>	<b>10,078,237</b>
<b>Total Liabilities and Net Position</b>	<b>\$9,518,570</b>	<b>\$1,681,849</b>	<b>\$385,437</b>	<b>\$201,056</b>	<b>\$ 3,088</b>	<b>\$11,790,000</b>

## County of Kalamazoo, Michigan

### Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds

<i>Year Ended December 31, 2012</i>	<i>Employee Benefits</i>	<i>Technology</i>	<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Total</i>
<b>Operating Revenues -</b>						
Charges for services	\$ 21,324,438	\$ 808,579	\$871,039	\$1,066,635	\$ 61,423	<b>\$24,132,114</b>
<b>Operating Expenses:</b>						
Operating expenses	-	599,516	780,460	1,051,616	61,423	2,493,015
Depreciation and amortization	-	214,687	20,445	-	-	235,132
Employee benefits	20,865,343	-	-	-	-	<b>20,865,343</b>
<b>Total Operating Expenses</b>	<b>20,865,343</b>	<b>814,203</b>	<b>800,905</b>	<b>1,051,616</b>	<b>61,423</b>	<b>23,593,490</b>
<b>Operating Income (Loss)</b>	<b>459,095</b>	<b>(5,624)</b>	<b>70,134</b>	<b>15,019</b>	<b>-</b>	<b>538,624</b>
<b>Net Position, beginning of year</b>	<b>7,487,590</b>	<b>1,664,116</b>	<b>257,845</b>	<b>130,062</b>	<b>-</b>	<b>9,539,613</b>
<b>Net Position, end of year</b>	<b>\$ 7,946,685</b>	<b>\$1,658,492</b>	<b>\$327,979</b>	<b>\$ 145,081</b>	<b>\$ -</b>	<b>\$10,078,237</b>

# County of Kalamazoo, Michigan

## Combining Statement of Cash Flows - Internal Service Funds

Year Ended December 31, 2012	<i>Employee Benefits</i>	<i>Technology</i>	<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Total</i>
<b>Operating Activities:</b>						
Cash received from interfund services provided	\$ 21,331,676	\$ 808,579	\$ 871,488	\$ 1,064,513	\$ 61,423	\$ 24,137,679
Cash paid to employees	(644,643)	-	(226,271)	(75,340)	(33,177)	(979,431)
Cash paid for interfund services used	(2,189,760)	-	(92,884)	(27,332)	(9,376)	(2,319,352)
Cash paid to suppliers	(17,995,719)	(594,440)	(458,396)	(925,579)	(23,590)	(19,997,724)
<b>Cash Provided by (Used in) Operating Activities</b>	<b>501,554</b>	<b>214,139</b>	<b>93,937</b>	<b>36,262</b>	<b>(4,720)</b>	<b>841,172</b>
<b>Cash Provided by Investing Activities - Sale of investments</b>	<b>585,219</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>585,219</b>
<b>Cash Used in Capital and Related Financing Activities - Acquisition of capital assets</b>	<b>(98,979)</b>	<b>(77,089)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(176,068)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>987,794</b>	<b>137,050</b>	<b>93,937</b>	<b>36,262</b>	<b>(4,720)</b>	<b>1,250,323</b>
Cash, beginning of year	1,809,999	1,000,505	105,598	71,640	7,808	2,995,550
Cash, end of year	\$ 2,797,793	\$ 1,137,555	\$ 199,535	\$ 107,902	\$ 3,088	\$ 4,245,873
<b>Reconciliation of Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:</b>						
Operating income (loss)	\$ 459,095	\$ (5,624)	\$ 70,134	\$ 15,019	\$ -	\$ 538,624
Depreciation and amortization	-	214,687	20,445	-	-	235,132
Loss on disposal	-	15,197	-	-	-	15,197
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(58,093)	-	449	(2,122)	-	(59,766)
Interest receivable	82,297	-	-	-	-	82,297
Due from other funds	(16,966)	-	-	-	-	(16,966)
Inventories	2,440	(1,577)	(860)	223	-	226
Prepaid items	(49,120)	19,594	(2)	98	-	(29,430)
Increase (decrease) in:						
Accounts payable	94,281	(32,004)	536	22,248	76	85,137
Due to other funds	48,086	-	-	-	-	48,086
Accrued expenses	14,596	3,866	3,682	(1,778)	(4,796)	15,570
Liability for estimated claims	(79,151)	-	-	-	-	(79,151)
Deposits payable	4,089	-	-	2,574	-	6,663
Deferred revenue	-	-	(447)	-	-	(447)
<b>Cash Provided by (Used in) Operating Activities</b>	<b>\$ 501,554</b>	<b>\$ 214,139</b>	<b>\$ 93,937</b>	<b>\$ 36,262</b>	<b>\$ (4,720)</b>	<b>\$ 841,172</b>

## County of Kalamazoo, Michigan

### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual Central Stores Fund

<i>Year Ended December 31, 2012</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Operating Revenues -				
Charges for services	\$ 1,167,100	\$ 1,092,600	\$ 1,066,635	\$ (25,965)
Operating Expenses:				
Employment expenses	120,100	120,100	100,894	19,206
Contractual and other	243,200	231,500	227,760	3,740
Supplies	800,800	741,000	722,962	18,038
Depreciation	3,000	-	-	-
<b>Total Operating Expenses</b>	<b>1,167,100</b>	<b>1,092,600</b>	<b>1,051,616</b>	<b>40,984</b>
Change in Net Position	-	-	15,019	15,019
Net Position, beginning of year	130,062	130,062	130,062	-
<b>Net Position, end of year</b>	<b>\$ 130,062</b>	<b>\$ 130,062</b>	<b>\$ 145,081</b>	<b>\$ 15,019</b>

## Agency Funds

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# County of Kalamazoo, Michigan

## Agency Funds

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### Agency Funds

*Trust and Agency Fund* - This fund was established to primarily account 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* - This fund was established to account for monies collected by circuit and district courts, which are disbursed at the request of the State of Michigan Library Service to local libraries.

*Bail Bond Fund* - This fund was established to account for the collection and distribution of bail bonds.

*Inmates' Trust Fund* - This fund was established to account for the receipt and distribution of monies belonging to individuals residing in the County's corrections facility.

*Drain Performance Bond Fund* - This fund was established to account 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

## Agency Funds Statement of Fiduciary Assets and Liabilities

<i>December 31, 2012</i>	<i>Trust and Agency</i>	<i>Library Trust</i>	<i>Bail Bond</i>	<i>Inmates' Trust</i>	<i>Drain Performance Bond</i>	<i>Total</i>
<b>Assets:</b>						
Cash	\$ (509,248)	\$201,719	\$ -	\$252,900	\$ 84,014	\$ 29,385
Investments	2,000,000	-	-	-	-	2,000,000
Accounts receivable	315	-	-	-	-	315
<b>Total Assets</b>	<b>\$ 1,491,067</b>	<b>\$201,719</b>	<b>\$ -</b>	<b>\$252,900</b>	<b>\$ 84,014</b>	<b>\$ 2,029,700</b>
<b>Liabilities:</b>						
Due to other						
governmental units	\$ 622,568	\$201,719	\$ -	\$ -	\$ -	\$ 824,287
Other payables	868,499	-	-	252,900	84,014	1,205,413
<b>Total Liabilities</b>	<b>\$ 1,491,067</b>	<b>\$201,719</b>	<b>\$ -</b>	<b>\$252,900</b>	<b>\$ 84,014</b>	<b>\$ 2,029,700</b>

# County of Kalamazoo, Michigan

## Agency Funds Combining Statement of Changes in Assets and Liabilities - Year Ended December 31, 2012

	Balance, January 1, 2012	Additions	Deductions	Balance, December 31, 2012
<b><u>Trust and Agency</u></b>				
<b>Assets:</b>				
Cash	\$(2,082,957)	\$136,387,060	\$134,813,351	\$ (509,248)
Investments	4,000,000	1,000,000	3,000,000	2,000,000
Accounts receivable	92	5,316	5,093	315
<b>Total Assets</b>	<b>\$ 1,917,135</b>	<b>\$137,392,376</b>	<b>\$137,818,444</b>	<b>\$ 1,491,067</b>
<b>Liabilities:</b>				
Due to other governmental units	\$ (76,107)	\$127,743,979	\$128,442,654	\$ 622,568
Other payables	1,993,242	65,562,399	64,437,656	868,499
<b>Total Liabilities</b>	<b>\$ 1,917,135</b>	<b>\$193,306,378</b>	<b>\$192,880,310</b>	<b>\$ 1,491,067</b>
<b><u>Library Trust</u></b>				
<b>Assets - Cash</b>	<b>\$ 207,426</b>	<b>\$ 590,121</b>	<b>\$ 595,828</b>	<b>\$ 201,719</b>
<b>Liability - Due to other governmental units</b>	<b>\$ 207,426</b>	<b>\$ 1,181,099</b>	<b>\$ 1,175,392</b>	<b>\$ 201,719</b>
<b><u>Bail Bond</u></b>				
<b>Assets - Cash</b>	<b>\$ 22,360</b>	<b>\$ 47,170</b>	<b>\$ 69,530</b>	<b>\$ -</b>
<b>Liability - Other payables</b>	<b>\$ 22,360</b>	<b>\$ 114,910</b>	<b>\$ 92,550</b>	<b>\$ -</b>
<b><u>Inmates' Trust</u></b>				
<b>Assets - Cash</b>	<b>\$ 40,959</b>	<b>\$ 1,369,950</b>	<b>\$ 1,158,009</b>	<b>\$ 252,900</b>
<b>Liability - Other payables</b>	<b>\$ 40,959</b>	<b>\$ 1,265,395</b>	<b>\$ 1,477,336</b>	<b>\$ 252,900</b>
<b><u>Drain Performance Bond</u></b>				
<b>Assets - Cash</b>	<b>\$ 83,388</b>	<b>\$ 626</b>	<b>\$ -</b>	<b>\$ 84,014</b>
<b>Liability - Other payables</b>	<b>\$ 83,388</b>	<b>\$ -</b>	<b>\$ 626</b>	<b>\$ 84,014</b>
<b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Cash	\$(1,728,824)	\$138,394,927	\$136,636,718	\$ 29,385
Investments	4,000,000	1,000,000	3,000,000	2,000,000
Accounts receivable	92	5,316	5,093	315
<b>Total Assets</b>	<b>\$ 2,271,268</b>	<b>\$139,400,243</b>	<b>\$139,641,811</b>	<b>\$ 2,029,700</b>
<b>Liabilities:</b>				
Due to other governmental units	\$ 131,319	\$128,925,078	\$129,618,046	\$ 824,287
Other payables	2,139,949	66,942,704	66,008,168	1,205,413
<b>Total Liabilities</b>	<b>\$ 2,271,268</b>	<b>\$195,867,782</b>	<b>\$195,626,214</b>	<b>\$ 2,029,700</b>

## Component Units

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County of Kalamazoo, Michigan

Component Units  
Balance Sheet - At-Large Drains

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	<i>Special Revenue</i>
	<i>At-Large Drains</i>
<hr/> <i>December 31, 2012</i> <hr/>	
<b>Assets:</b>	
Cash	\$ 1,033,658
Receivables-Unlevied Assessments	53,256
<hr/>	
<b>Total Assets</b>	<b>1,086,914</b>
<hr/>	
<b>Liabilities:</b>	
Accounts payable	\$ 5,679
Noncurrent liabilities - Due within one year	53,256
<hr/>	
<b>Total Liabilities</b>	<b>58,935</b>
<b>Fund Balance -     Unrestricted</b>	<b>1,027,979</b>
<hr/>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,086,914</b>
<hr/>	

County of Kalamazoo, Michigan

Component Units

Statement of Revenues, Expenditures, and Changes in Fund Balance - At-Large Drains

	<i>Special Revenue</i>
<i>Year Ended December 31, 2012</i>	<i>At-Large Drains</i>
Revenues:	
Interest and rents	\$ 1,681
Other	74,352
<b>Total Revenues</b>	<b>76,033</b>
Expenditures -	
Public works - Drains	76,252
<b>Net Change in Fund Balance</b>	<b>(219)</b>
<b>Fund Balance, beginning of year</b>	<b>1,028,198</b>
<b>Fund Balance, end of year</b>	<b>\$1,027,979</b>

County of Kalamazoo, Michigan  
Component Units  
Balance Sheet - DHS/Child Care Welfare

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	<i>Special Revenue</i>
	<i>DHS/ Child Care Welfare</i>
<hr/>	
<i>December 31, 2012</i>	
<hr/>	
<b>Assets:</b>	
Cash	\$ 19,774
Due from other governmental units	212,100
<hr/>	
<b>Total Assets</b>	<b>\$ 231,874</b>
<hr/>	
<b>Liabilities -</b>	
Unearned revenues	\$ 231,874
<hr/>	

County of Kalamazoo, Michigan

Component Units  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
DHS/Child Care Welfare

---

	<i>Special Revenue</i>
	<i>DHS/ Child Care Welfare</i>
<hr/> <i>Year Ended December 31, 2012</i>	
<hr/>	
Revenues:	
State grants	\$ 452,073
Local unit contributions	641,100
Charges for services	59,591
Other revenues	1,468,233
<hr/>	
Total Revenues	2,620,997
Expenditures -	
Health and welfare	2,620,997
<hr/>	
Net Change in Fund Balance	-
Fund Balance, beginning of year	-
<hr/>	
Fund Balance, end of year	\$ -
<hr/>	

# County of Kalamazoo, Michigan

## Component Units Lake Level Fund - Balance Sheet

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	<i>Capital Projects</i>
	<i>Lake Level Fund</i>
<hr/> <i>December 31, 2012</i> <hr/>	
<b>Assets-</b>	
Receivables - Unlevied Assessments	\$ 180
<hr/>	
<b>Liabilities -</b>	
Noncurrent Liabilities - Due within one year	\$ 180
<hr/>	

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**Statistical Section (Unaudited)**

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# County of Kalamazoo, Michigan

## Statistical Section (Unaudited) Contents

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This part of the County of Kalamazoo, Michigan's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

	<u>Page</u>
<b>Financial Trends - Schedules 1-4</b>	<b>132-141</b>

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

<b>Revenue Capacity - Schedules 5-8</b>	<b>142-145</b>
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These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales tax.

<b>Debt Capacity - Schedules 9-11</b>	<b>146-150</b>
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These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

<b>Demographic and Economic Information - Schedules 12-13</b>	<b>151-152</b>
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

<b>Operating Information - Schedules 14-16</b>	<b>153-155</b>
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These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the service the County provides and the activities it performs.

*Sources - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

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# County of Kalamazoo, Michigan

## Schedule 1 - Net Position by Component, Last Ten Fiscal Years - 2012-2003 (Unaudited)

<i>December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
<b>Governmental Activities:</b>				
Invested in capital assets, net of related debt	\$ 39,987,637	\$ 20,075,223	\$ 19,173,432	\$ 14,661,496
Restricted:				
Budget Stabilization	2,500,000	2,500,000	-	-
Revenue Sharing Reserve	-	-	3,729,094	8,844,326
Capital Projects	-	-	-	-
Special revenue grants:				
Law Enforcement Fund	829,154	955,624	387,990	624,792
Health Fund	34,219	34,219	1,499	1,499
Other	4,641,644	4,463,872	7,279,978	6,497,893
Unrestricted	53,804,428	70,239,778	59,674,138	59,211,457
<b>Total Governmental Activities</b>				
<b>Net Position</b>	<b>\$ 101,797,082</b>	<b>\$ 98,268,716</b>	<b>\$ 90,246,131</b>	<b>\$ 89,841,463</b>
<b>Business-Type Activities:</b>				
Invested in capital assets, net of related debt	\$ 52,076,706	\$ 53,833,191	\$ 43,917,137	\$ 27,521,531
Unrestricted	31,125,230	29,467,743	31,172,945	30,865,423
<b>Total Business-Type Activities</b>				
<b>Net Position</b>	<b>\$ 83,201,936</b>	<b>\$ 83,300,934</b>	<b>\$ 75,090,082</b>	<b>\$ 58,386,954</b>
<b>Primary Government:</b>				
Invested in capital assets, net of related debt	\$ 92,064,343	\$ 73,908,414	\$ 63,090,569	\$ 42,183,027
Restricted:				
Budget Stabilization	2,500,000	2,500,000	-	-
Revenue Sharing Reserve	-	-	3,729,094	8,844,326
Capital Projects	-	-	-	-
Special revenue grants:				
Law Enforcement Fund	829,154	955,624	387,990	624,792
Health Fund	34,219	34,219	1,499	1,499
Other	4,641,644	4,463,872	7,279,978	6,497,893
Unrestricted	84,929,658	99,707,521	90,847,083	90,076,880
<b>Total Primary Government</b>				
<b>Net Position</b>	<b>\$ 184,999,018</b>	<b>\$ 181,569,650</b>	<b>\$ 165,336,213</b>	<b>\$ 148,228,417</b>

## County of Kalamazoo, Michigan

### Schedule 1 - Net Position by Component, Last Ten Fiscal Years - 2012-2003 (Unaudited)

2008	2007	2006	2005	2004	2003
\$ 31,973,057	\$ 14,798,453	\$ 14,594,522	\$ 15,261,715	\$ 15,521,670	\$ 15,339,334
-	-	-	-	-	-
13,876,233	18,318,542	21,154,552	14,334,413	8,357,014	-
-	-	4,882,322	4,169,092	4,169,994	7,670,957
-	-	-	-	-	-
-	-	-	-	-	-
7,071,644	6,544,606	6,254,864	4,836,203	3,584,389	198,507
35,299,847	44,414,631	32,575,999	32,683,732	37,673,606	43,838,436
<u>\$ 88,220,781</u>	<u>\$ 84,076,232</u>	<u>\$ 79,462,259</u>	<u>\$ 71,285,155</u>	<u>\$ 69,306,673</u>	<u>\$ 67,047,234</u>
\$ 23,914,326	\$ 24,479,312	\$ 22,144,066	\$ 22,238,237	\$ 17,177,064	\$ 25,622,908
29,143,845	25,967,411	24,150,506	22,834,327	25,133,407	15,401,720
<u>\$ 53,058,171</u>	<u>\$ 50,446,723</u>	<u>\$ 46,294,572</u>	<u>\$ 45,072,564</u>	<u>\$ 42,310,471</u>	<u>\$ 41,024,628</u>
\$ 55,887,383	\$ 39,277,765	\$ 36,738,588	\$ 37,499,952	\$ 32,698,734	\$ 40,962,242
-	-	-	-	-	-
13,876,233	18,318,542	21,154,552	14,334,413	8,357,014	-
-	-	4,882,322	4,169,092	4,169,994	7,670,957
-	-	-	-	-	-
-	-	-	-	-	-
7,071,644	6,544,606	6,254,864	4,836,203	3,584,389	198,507
64,443,692	70,382,042	56,726,505	55,518,059	62,807,013	59,240,156
<u>\$ 141,278,952</u>	<u>\$ 134,522,955</u>	<u>\$ 125,756,831</u>	<u>\$ 116,357,719</u>	<u>\$ 111,617,144</u>	<u>\$ 108,071,862</u>

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

Note: The County began breaking out special revenue grants in 2009.

# County of Kalamazoo, Michigan

## Schedule 2 - Changes in Net Position, Last Ten Fiscal Years - 2012-2003 (Unaudited)

<i>Year Ended December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 16,560,972	\$ 14,685,317	\$ 16,454,956	\$ 15,304,080
Public safety	25,317,944	25,723,553	27,429,129	28,190,183
Public works	79,790	133,937	478,320	302,635
Health and welfare	36,491,664	38,749,470	41,958,505	40,947,081
Recreation and culture	4,241,319	4,013,029	3,950,921	3,345,053
Legislative	973,686	971,453	954,998	938,582
Judicial	19,273,929	19,540,568	19,851,817	19,477,810
Community Economic Development	61,191	81,132	59,446	-
Other	-	-	-	-
Transfer to Component Unit	-	-	-	-
Interest and fiscal charges	1,396,053	1,461,542	1,599,239	1,615,949
<b>Total governmental activities expenses</b>	<b>104,396,548</b>	<b>105,360,001</b>	<b>112,737,331</b>	<b>110,121,373</b>
Business-type activities:				
Delinquent tax	-	-	1,800	-
Tax reversion	666,526	537,829	516,924	266,656
Airport operations	7,437,568	7,755,405	6,269,714	7,244,951
<b>Total business-type activities expenses</b>	<b>8,104,094</b>	<b>8,293,234</b>	<b>6,788,438</b>	<b>7,511,607</b>
<b>Total Primary Government Expenses</b>	<b>\$ 112,500,642</b>	<b>\$ 113,653,235</b>	<b>\$ 119,525,769</b>	<b>\$ 117,632,980</b>
<b>Program Revenues:</b>				
Governmental activities:				
Charges for Services:				
General government	\$ 5,530,702	\$ 5,284,450	\$ 1,866,708	\$ 2,147,274
Public safety	2,094,447	2,080,437	1,895,004	1,977,075
Public works	103,093	98,709	4,618	-
Health and welfare	1,710,269	2,282,647	2,359,508	2,519,035
Recreation and culture	3,073,186	2,911,332	2,821,377	2,527,150
Judicial	4,796,952	4,688,164	5,041,762	5,095,013
Interest and fiscal charges	-	-	-	-
Other	-	-	-	-
Operating Grants and Contributions:				
General government	4,239,285	5,346,046	363,001	207,441
Public safety	1,877,706	2,230,316	2,257,433	1,874,351
Public works	79,749	129,378	161,622	75,520
Health and welfare	24,679,271	27,124,803	29,290,317	28,652,957
Recreation and culture	2,159,040	1,805,102	1,811,563	1,689,076
Judicial	7,149,876	7,412,821	7,434,135	7,404,748
Community Economic Development	60,036	160,623	-	-
Interest and fiscal charges	-	-	-	-
Other	-	-	10,789	-
Capital grants and contributions - Other	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>57,553,612</b>	<b>61,554,828</b>	<b>55,317,837</b>	<b>54,169,640</b>

# County of Kalamazoo, Michigan

## Schedule 2 - Changes in Net Position, Last Ten Fiscal Years - 2012-2003 (Unaudited) (continued)

<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
\$ 18,716,502	\$ 17,195,129	\$ 13,287,815	\$ 13,112,946	\$ 11,732,332	\$ 11,123,116
25,185,011	25,519,348	24,567,020	23,603,804	22,280,373	20,966,523
166,934	299,344	943,220	1,387,569	2,217,157	3,726,950
36,838,395	36,180,122	35,516,055	35,057,267	37,871,316	35,414,960
3,268,444	3,232,282	3,066,342	3,085,417	3,272,460	3,271,733
862,396	897,634	840,222	877,050	966,888	1,026,702
17,665,498	17,774,174	17,872,285	18,775,967	19,129,554	19,413,915
-	-	-	-	-	-
-	-	-	3,447,841	3,153,334	2,598,686
-	-	-	-	-	3,200,421
1,797,799	656,948	517,525	650,538	770,194	101,494
<u>104,500,979</u>	<u>101,754,981</u>	<u>96,610,484</u>	<u>99,998,399</u>	<u>101,393,608</u>	<u>100,844,500</u>
800	6,690	130,180	4,692	-	-
-	-	-	-	-	-
6,019,869	5,759,066	5,360,135	5,112,676	5,166,426	4,787,446
<u>6,020,669</u>	<u>5,765,756</u>	<u>5,490,315</u>	<u>5,117,368</u>	<u>5,166,426</u>	<u>4,787,446</u>
<u>\$ 110,521,648</u>	<u>\$ 107,520,737</u>	<u>\$ 102,100,799</u>	<u>\$ 105,115,767</u>	<u>\$ 106,560,034</u>	<u>\$ 105,631,946</u>
\$ 2,252,045	\$ 2,703,273	\$ 2,950,571	\$ 3,260,615	\$ 3,034,136	\$ 3,159,116
1,947,155	1,728,469	2,041,571	1,955,818	1,880,319	2,828,112
-	-	-	-	-	-
2,175,576	2,016,657	1,245,711	2,536,375	2,897,372	3,900,534
2,669,459	2,634,950	2,419,217	2,349,378	2,184,590	2,150,853
5,652,775	5,871,196	6,057,390	5,567,520	5,643,531	5,177,202
-	-	-	-	-	5,721
-	-	-	-	2,535,357	-
284,284	249,407	301,947	225,171	2,380,121	4,919,944
1,660,903	2,919,091	3,470,642	4,256,489	3,447,189	2,604,522
117,541	147,679	134,747	133,005	101,632	81,241
24,561,585	23,970,105	23,641,025	22,353,996	23,478,271	22,686,497
1,602,217	1,389,113	1,293,595	1,200,748	1,088,279	1,071,803
7,281,433	7,448,395	7,596,287	7,609,797	7,470,937	6,094,228
-	-	-	-	-	-
-	15,395	-	-	-	-
-	-	-	21,819	-	63,650
-	352,556	-	51,625	970,524	2,092,493
<u>50,204,973</u>	<u>51,446,286</u>	<u>51,152,703</u>	<u>51,522,356</u>	<u>57,112,258</u>	<u>56,835,916</u>

# County of Kalamazoo, Michigan

## Schedule 2 - Changes in Net Position, Last Ten Fiscal Years - 2012-2003 (Unaudited)

<i>Year Ended December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
<b>Program Revenues (Concluded):</b>				
Business-type activities:				
Charges for services:				
Delinquent tax	\$ 2,663,575	\$ 3,922,110	\$ 3,638,412	\$ 2,696,334
Tax reversion	1,040,019	763,810	1,301,043	550,258
Airport operations	4,309,619	4,554,926	4,098,683	3,762,887
Operating grants and contributions -				
Airport operations	528,096	114,992	640,594	159,178
Capital grants and contributions -				
Airport operations	1,066,540	8,364,153	14,672,847	6,350,499
<hr/>				
Total business-type activities program revenues	9,607,849	17,719,991	24,351,579	13,519,156
<hr/>				
<b>Total Primary Government Program Revenues</b>	<b>\$ 67,161,461</b>	<b>\$ 79,274,819</b>	<b>\$ 79,669,416</b>	<b>\$ 67,688,796</b>
<hr/>				
<b>Net (Expense) Revenue:</b>				
Governmental activities	\$ (46,842,936)	\$ (43,805,173)	\$ (57,419,494)	\$ (55,951,733)
Business-type activities	1,503,755	9,426,757	17,563,141	6,007,549
<hr/>				
<b>Total Primary Government Net Expenses</b>	<b>\$ (45,339,181)</b>	<b>\$ (34,378,416)</b>	<b>\$ (39,856,353)</b>	<b>\$ (49,944,184)</b>
<hr/>				
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental activities:				
Property taxes levied for operating	\$ 47,231,113	\$ 48,405,162	\$ 48,288,959	\$ 50,691,287
Property taxes levied for revenue sharing reserve	-	-	-	-
Other taxes	-	-	-	-
Local unit contract revenue	-	-	-	1,642,012
Other	384,078	44,613	1,673,430	2,191,289
Unrestricted investment earnings	1,131,111	2,102,983	1,304,275	1,702,897
Transfers in	1,625,000	1,275,000	1,000,000	1,000,000
<hr/>				
Total governmental activities	50,371,302	51,827,758	52,266,664	57,227,485
<hr/>				
Business-type activities:				
Other	-	-	-	8,170
Unrestricted investment earnings	22,247	59,095	139,987	313,064
Transfers out	(1,625,000)	(1,275,000)	(1,000,000)	(1,000,000)
<hr/>				
Total business-type activities	(1,602,753)	(1,215,905)	(860,013)	(678,766)
<hr/>				
<b>Total Primary Government</b>	<b>\$ 48,768,549</b>	<b>\$ 50,611,853</b>	<b>\$ 51,406,651</b>	<b>\$ 56,548,719</b>
<hr/>				
<b>Change in Net Position:</b>				
Governmental activities	\$ 3,528,366	\$ 8,022,585	\$ (5,152,830)	\$ 1,275,752
Business-type activities	(98,998)	8,210,852	16,703,128	5,328,783
<hr/>				
<b>Total Primary Government</b>	<b>\$ 3,429,368</b>	<b>\$ 16,233,437</b>	<b>\$ 11,550,298</b>	<b>\$ 6,604,535</b>

# County of Kalamazoo, Michigan

## Schedule 2 - Changes in Net Position, Last Ten Fiscal Years - 2012-2003 (Unaudited) (concluded)

2008	2007	2006	2005	2004	2003
\$ 2,062,382	\$ 1,957,711	\$ 1,444,859	\$ 1,497,697	\$ 1,253,219	\$ 1,334,219
-	-	-	-	-	-
3,902,591	4,316,214	4,233,581	4,483,389	4,004,586	3,971,819
197,926	(28,892)	600,649	186,278	165,547	225,328
2,879,337	3,471,510	721,909	1,760,080	1,627,723	(1,088,788)
9,042,236	9,716,543	7,000,998	7,927,444	7,051,075	4,442,578
\$ 59,247,209	\$ 61,162,829	\$ 58,153,701	\$ 59,449,800	\$ 64,163,333	\$ 61,278,494
\$ (54,296,006)	\$ (50,308,695)	\$ (45,457,781)	\$ (48,476,043)	\$ (44,281,350)	\$ (44,008,584)
3,021,567	3,950,787	1,510,683	2,810,076	1,884,649	(344,868)
\$ (51,274,439)	\$ (46,357,908)	\$ (43,947,098)	\$ (45,665,967)	\$ (42,396,701)	\$ (44,353,452)
\$ 50,142,756	\$ 47,291,086	\$ 34,879,561	\$ 33,990,340	\$ 30,922,234	\$ 34,573,669
-	1,108,851	11,064,283	10,416,376	10,654,932	10,689,067
-	-	-	-	46,309	89,972
1,696,138	1,218,268	1,276,194	1,631,699	1,285,000	-
2,521,458	1,633,340	1,583,650	1,714,911	2,100,784	2,486,451
3,080,203	3,460,386	3,113,934	1,776,199	631,530	639,642
1,000,000	975,000	953,000	925,000	900,000	800,000
58,440,555	55,686,931	52,870,622	50,454,525	46,540,789	49,278,801
1,823	3,550	3,449	391,916	-	-
588,058	1,172,814	660,876	485,101	301,194	183,082
(1,000,000)	(975,000)	(953,000)	(925,000)	(900,000)	(800,000)
(410,119)	201,364	(288,675)	(47,983)	(598,806)	(616,918)
\$ 58,030,436	\$ 55,888,295	\$ 52,581,947	\$ 50,406,542	\$ 45,941,983	\$ 48,661,883
\$ 4,144,549	\$ 5,378,236	\$ 7,412,841	\$ 1,978,482	\$ 2,259,439	\$ 5,270,217
2,611,448	4,152,151	1,222,008	2,762,093	1,285,843	(961,786)
\$ 6,755,997	\$ 9,530,387	\$ 8,634,849	\$ 4,740,575	\$ 3,545,282	\$ 4,308,431

Source: County of Kalamazoo, Michigan, Finance Office.

## County of Kalamazoo, Michigan

### Schedule 3 - Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2012-2003 (Unaudited)

<i>December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
<b>General Fund:</b>				
Non-spendable	\$ 167,995	\$ 148,715	\$ -	\$ -
Restricted for Budget Stabilization	2,500,000	2,500,000	-	-
Committed	4,293,928	4,685,797	-	-
Assigned	583,200	500,000	-	-
Unassigned	20,320,881	24,327,571	-	-
Reserved:				
Encumbrances	-	-	136,468	525,197
Prepaid expenditures/inventories	-	-	122,669	61,024
Long-term advances	-	-	-	-
Unreserved -				
Designated for future expenditures	-	-	4,439,610	4,727,510
Unreserved, reported in -				
General Fund	-	-	23,147,791	22,867,133
<b>Total General Fund</b>	<b>\$ 27,866,004</b>	<b>\$ 32,162,083</b>	<b>\$ 27,846,538</b>	<b>\$ 28,180,864</b>
<b>All Other Governmental Funds:</b>				
Non-spendable	\$ -	\$ 110,378	\$ -	\$ -
Restricted:				
Law Enforcement Fund	829,154	955,624	-	-
Health Fund	34,219	34,219	-	-
Special Revenue Funds	4,325,733	4,463,872	-	-
Debt Service Funds	238,032	231,920	-	-
Capital Projects Funds	77,879	109,205	-	-
Committed	18,387,782	21,641,559	-	-
Assigned to:				
Capital Projects Funds	-	5,039,590	-	-
Special Revenue Funds	15,246	-	-	-
Reserved:				
Revenue Sharing Reserve Fund	-	-	3,729,094	8,844,326
Encumbrances	-	-	69,139	244,937
Prepaid expenditures/inventories	-	-	-	119
Long-term receivable from other governmental unit	-	-	-	-
Unreserved:				
Designated for future expenditures	-	-	56,429	138,433
Special Revenue Funds	-	-	7,669,467	7,142,805
Debt Service Funds	-	-	-	483,502
Capital Projects Funds	-	-	19,214,149	14,289,474
<b>Total All Other Governmental Funds</b>	<b>\$ 23,908,045</b>	<b>\$ 32,586,367</b>	<b>\$ 30,738,278</b>	<b>\$ 31,143,596</b>

# County of Kalamazoo, Michigan

## Schedule 3 - Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2012-2003 (Unaudited)

2008	2007	2006	2005	2004	2003
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
99,516	320,821	142,981	137,877	118,176	62,986
243,393	219,467	34,327	108,592	18,497	9,495
-	-	23,790	300,000	-	-
5,917,064	5,764,300	5,764,300	4,252,900	4,252,900	4,040,300
18,705,734	15,078,874	11,017,692	6,448,111	4,736,676	4,712,564
<b>\$ 24,965,707</b>	<b>\$ 21,383,462</b>	<b>\$ 16,983,090</b>	<b>\$ 11,247,480</b>	<b>\$ 9,126,249</b>	<b>\$ 8,825,345</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,876,233	18,318,542	21,154,552	14,334,413	8,357,014	-
63,458	232,968	198,706	253,453	497,474	65,648
-	-	-	485	23,156	76,293
-	-	279,901	320,439	-	-
305,287	411,500	411,500	224,720	222,876	378,700
7,071,644	6,502,765	6,254,864	4,836,203	3,584,389	3,745,252
475,127	314	-	-	-	-
19,893,490	32,081,896	4,602,421	3,848,653	4,169,994	4,047,920
<b>\$ 41,685,239</b>	<b>\$ 57,547,985</b>	<b>\$ 32,901,944</b>	<b>\$ 23,818,366</b>	<b>\$ 16,854,903</b>	<b>\$ 8,313,813</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.

# County of Kalamazoo, Michigan

## Schedule 4 - Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2012-2003 (Unaudited)

<i>Year Ended December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
<b>Revenues:</b>				
Taxes	\$ 51,281,971	\$ 50,467,213	\$ 50,801,324	\$ 52,112,225
Licenses and permits	959,212	932,107	926,176	908,768
Intergovernmental	42,049,516	45,645,465	43,980,599	42,247,256
Changes for services	9,815,816	9,825,820	9,179,624	9,505,860
Fines and forfeitures	1,707,874	1,709,679	2,018,339	2,247,219
Interest	1,131,111	2,102,983	1,651,105	1,702,897
Other	1,403,064	1,415,236	1,747,905	2,191,289
Donations and contributions	1,110,360	1,239,054	940,075	810,363
<b>Total Revenues</b>	<b>109,458,924</b>	<b>113,337,557</b>	<b>111,245,147</b>	<b>111,725,877</b>
<b>Expenditures:</b>				
General government	13,324,605	13,078,145	13,345,721	12,207,828
Public safety	25,265,647	24,896,389	26,545,756	26,449,376
Public works	79,794	1,650,676	478,288	302,625
Health and welfare	36,712,421	38,782,339	41,800,901	40,150,567
Recreation and culture	3,422,079	3,345,073	3,323,146	3,031,205
Legislative	973,686	971,453	954,998	938,582
Judicial	18,446,360	18,598,870	18,667,915	18,204,672
Other	364,963	573,791	1,137,672	1,336,165
Community Economic Development	61,191	81,132	59,446	-
Transfer to component units	-	-	-	-
Debt service:				
Principal	1,720,000	1,765,000	2,678,010	2,104,898
Interest	1,462,091	1,476,923	1,598,867	1,629,462
Bond issuance costs	26,039	12,894	67,945	-
Capital outlay	21,828,949	6,216,232	3,175,109	13,200,679
<b>Total Expenditures</b>	<b>123,687,825</b>	<b>111,448,917</b>	<b>113,833,774</b>	<b>119,556,059</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(14,228,901)</b>	<b>1,888,640</b>	<b>(2,588,627)</b>	<b>(7,830,182)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	19,659,931	21,069,304	18,935,879	18,963,217
Transfers in - Component Unit	-	-	-	-
Transfers out	(18,034,931)	(19,794,304)	(17,414,888)	(18,804,451)
Transfers out - Component Unit	-	-	-	-
Issuance of notes	-	-	-	-
Issuance of bonds	-	3,000,000	-	-
Bond discount	-	-	-	-
Issuance of refunding bonds	1,195,000	-	2,160,000	-
Premium on refunding bond	(15,500)	-	167,992	-
Payments to refunded bond escrow agent	(1,550,000)	-	(2,000,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,254,500</b>	<b>4,275,000</b>	<b>1,848,983</b>	<b>158,766</b>
<b>Net Change in Fund Balances</b>	<b>\$ (12,974,401)</b>	<b>\$ 6,163,640</b>	<b>\$ (739,644)</b>	<b>\$ (7,671,416)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.9%</b>	<b>3.5%</b>

## County of Kalamazoo, Michigan

### Schedule 4 - Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2012-2003 (Unaudited)

2008	2007	2006	2005	2004	2003
\$ 52,127,490	\$49,760,689	\$57,777,230	\$53,541,737	\$51,332,024	\$38,747,183
903,893	793,611	785,730	846,714	862,458	482,737
38,073,037	35,704,794	37,753,619	36,904,503	41,158,355	42,331,020
9,510,775	10,124,910	9,598,624	10,762,032	10,664,460	13,395,974
2,484,283	2,634,069	2,789,201	2,618,152	2,747,894	2,016,715
3,080,203	3,460,386	3,113,934	1,776,199	631,530	645,363
2,512,099	1,631,441	1,566,376	1,714,911	2,100,784	2,511,701
712,053	2,260,309	249,663	578,346	-	-
<u>109,403,833</u>	<u>106,370,209</u>	<u>113,634,377</u>	<u>108,742,594</u>	<u>109,497,505</u>	<u>100,130,693</u>
12,478,693	9,841,143	10,909,325	11,159,696	11,461,734	10,699,858
25,048,512	24,822,423	24,539,667	23,294,592	21,472,657	19,960,944
166,941	299,335	943,231	1,387,608	2,195,172	3,726,967
36,636,836	36,130,575	35,765,016	35,179,510	37,117,973	34,549,824
3,026,214	2,926,544	2,792,553	2,812,928	2,976,942	2,984,957
862,396	897,634	840,222	877,050	966,888	1,026,702
17,424,528	17,432,615	17,829,372	18,617,735	18,644,364	18,790,626
3,728,747	8,102,389	2,320,857	2,944,769	3,090,484	2,567,505
-	-	-	-	-	-
-	-	-	-	-	3,200,421
2,148,821	1,810,040	1,443,530	1,386,687	1,647,000	2,345,000
1,615,516	517,222	524,919	633,923	686,452	793,684
16,099	149,183	-	-	-	-
<u>19,102,990</u>	<u>3,294,285</u>	<u>1,742,541</u>	<u>2,138,519</u>	<u>2,803,172</u>	<u>2,940,717</u>
<u>122,256,293</u>	<u>106,223,388</u>	<u>99,651,233</u>	<u>100,433,017</u>	<u>103,062,838</u>	<u>103,587,205</u>
<u>(12,852,460)</u>	<u>146,821</u>	<u>13,983,144</u>	<u>8,309,577</u>	<u>6,434,667</u>	<u>(3,456,512)</u>
17,607,669	16,946,211	16,541,876	16,434,229	13,816,990	12,515,159
-	-	-	-	-	-
(17,463,255)	(16,808,792)	(16,212,332)	(16,275,980)	(13,646,120)	(12,876,414)
-	-	-	-	-	-
12,545	630,000	506,500	750,000	2,151,000	-
415,000	28,321,900	-	1,295,000	2,910,000	-
-	(189,727)	-	-	-	-
-	-	-	-	-	-
-	-	-	13,231	65,401	-
-	-	-	(1,441,363)	(2,889,944)	-
<u>571,959</u>	<u>28,899,592</u>	<u>836,044</u>	<u>775,117</u>	<u>2,407,327</u>	<u>(361,255)</u>
<u>\$ (12,280,501)</u>	<u>\$29,046,413</u>	<u>\$14,819,188</u>	<u>\$ 9,084,694</u>	<u>\$ 8,841,994</u>	<u>\$ (3,817,767)</u>
3.7%	2.4%	2.0%	2.1%	2.3%	3.1%

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

Note: Effective 2011, bond issuance costs are reported as expenditures. Bond issuance costs in prior years have been restated from Other Financing Sources (Uses) to Expenditures.

## County of Kalamazoo, Michigan

### Schedule 5 - Assessed Value and Actual Value of Taxable Property<sup>(a)</sup>, Last Ten Fiscal Years - 2012-2003 (Unaudited)

Fiscal Year	<i>Real Property Value</i>						(b) Total Direct Tax Rate
	<i>Agricultural Property</i>	<i>Commercial Property</i>	<i>Industrial Property</i>	<i>Residential Property</i>	<i>Personal Property</i>	<i>Total</i>	
	\$	\$	\$	\$	\$	\$	\$
2012	239,120,450	1,553,005,640	360,467,101	5,408,906,981	926,075,139	8,487,575,311	6.36
2011	238,185,110	1,632,908,929	374,444,944	5,676,932,378	906,612,546	8,829,083,907	6.36
2010	234,323,992	1,743,345,742	399,521,368	5,734,285,728	876,276,355	8,987,753,185	6.34
2009	225,488,791	1,792,326,915	503,111,457	6,046,379,311	896,482,771	9,463,789,245	6.32
2008	222,094,495	1,766,531,482	513,496,587	6,310,592,521	876,103,736	9,688,818,821	6.33
2007	216,698,123	1,719,347,867	505,724,481	6,159,696,308	809,587,546	9,411,054,325	6.34
2006	199,195,596	1,639,755,890	485,676,345	5,838,021,440	795,172,638	8,957,821,909	6.14
2005	202,576,301	1,561,122,682	481,762,317	5,428,008,097	806,931,249	8,480,400,646	6.14
2004	185,417,194	1,487,215,229	475,181,926	5,082,135,722	792,256,281	8,022,206,352	6.14
2003	153,280,951	1,396,751,002	443,920,723	4,729,736,472	810,320,054	7,534,009,202	6.14

<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.

# County of Kalamazoo, Michigan

## Schedule 6 - Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years - 2012-2003 (Unaudited)

December 31,	Year Taxes Are Payable									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>County Direct Rates:</b>										
Operating	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871
Law enforcement	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491
Juvenile Home debt	0.2234	0.2193	0.2050	0.1850	0.1950	0.2000	-	-	-	-
<b>Total direct rates</b>	<b>6.3596</b>	<b>6.3555</b>	<b>6.3412</b>	<b>6.3212</b>	<b>6.3312</b>	<b>6.3362</b>	<b>6.1362</b>	<b>6.1362</b>	<b>6.1362</b>	<b>6.1362</b>
<b>Kalamazoo County</b>										
Transportation Authority:	0.4000	0.4000	0.4000	0.4000	-	0.3800	0.4500	-	-	-
<b>City Rates:</b>										
Galesburg	9.8118	9.7856	9.7856	9.7856	9.7856	9.7856	9.8112	9.8112	9.9144	9.9603
Kalamazoo	20.8205	19.2705	19.2705	19.2705	19.2705	19.2705	19.1606	19.2705	19.2705	19.2705
Parchment	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772
Portage	10.7778	10.8916	10.7312	10.6598	10.6598	10.4892	10.1442	10.1442	10.1442	10.1442
<b>Township Rates:</b>										
	0.7860- 8.9691	0.7860- 8.9691	0.6519- 8.9691	0.7860- 8.9691	0.7860- 8.9691	0.7860- 8.9691	0.7978- 10.8691	0.8059- 8.9691	0.8151- 8.9367	0.8352- 8.9943
<b>Village Rates:</b>										
	9.0000- 23.3500	9.0000- 15.9005	9.0000- 15.9005	9.0000- 15.9005	8.0000- 15.9001	9.0000- 16.0000	9.5000- 16.0000	9.0000- 16.2000	9.0000- 16.4000	9.0000- 15.1185
<b>Intermediate School Rates:</b>										
	2.6837- 6.2057	2.6837- 6.2057	2.6837- 6.2057	2.6837- 6.2057	4.1217- 6.2057	4.1217- 6.2057	2.6837- 9.0832	2.6837- 6.2057	2.9307- 6.2057	2.7054- 6.2641
<b>Local School Rates:</b>										
	18.0000- 27.1000	18.0000- 27.1000	18.0000- 27.1000	18.0000- 27.1000	17.7517- 27.0500	18.0000- 27.0500	18.0000- 27.0990	16.6421- 26.6209	16.9801- 27.8283	17.3267- 27.0500
<b>Library Rates:</b>										
	0.5000- 3.9583	0.5000- 3.9583	0.5000- 3.9583	0.5000- 3.9583	0.5000- 3.9583	0.4291- 3.9583	0.4376- 3.9583	0.4483- 3.9583	0.4558- 3.9583	0.4629- 3.9583
<b>Community College Rates:</b>										
Glen Oaks	2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	2.7088	2.7453	2.7453
Kalamazoo Valley	2.8135	2.8135	2.8135	2.8135	2.8135	2.8135	5.6270	2.8135	2.8135	2.8139
Kellogg	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106
<b>State Education</b>										
Tax Rates:	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	5.0000

Source: County of Kalamazoo, Michigan, Equalization Department.

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

## County of Kalamazoo, Michigan

### Schedule 7 - Principal Property Taxpayers, Current Year and Nine Years Ago - December 31, 2012 and 2003 (Unaudited)

<i>Taxpayer</i>	<i>Fiscal Year 2012</i>			<i>Fiscal Year 2003</i>		
	<i>Taxable Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total County Taxable Assessed Value</i>	<i>Taxable Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total County Taxable Assessed Value</i>
Pfizer/Pharmacia	\$ 491,699,739	1	6.11%	\$ 460,844,486	1	6.00%
Consumers Energy Company	130,534,614	2	1.62%	108,792,919	2	1.42%
Stryker Corporation	77,494,350	3	0.96%	24,219,970	9	0.32%
Graphic Packaging	45,265,550	4	0.56%	38,505,476	6	0.50%
Kaiser Aluminum	32,615,974	5	0.41%			
Target Corporation	28,202,765	6	0.35%	54,300,081	3	0.71%
Meijer, Inc.	26,331,107	7	0.33%	29,877,789	7	0.39%
Catalyst Development Co.	25,247,883	8	0.31%			
Connecticut General Life Ins. Co.	23,904,890	9	0.30%			
Edward Rose Development	22,438,046	10	0.28%	45,190,507	5	0.59%
Meyer C. Weiner				47,651,857	4	0.62%
PNC (National City Bank)				25,423,170	8	0.33%
Portfolio One Number				19,281,168	10	0.25%
<b>Total</b>	<b>\$ 903,734,918</b>		<b>11.23%</b>	<b>\$ 854,087,423</b>		<b>11.13%</b>

Source: County of Kalamazoo, Michigan, Equalization Department.

## County of Kalamazoo, Michigan

### Schedule 8 - Property Tax Levies and Collections, Last Ten Years - 2012-2003 (Unaudited)

Fiscal Year	Levy Year	Taxes <sup>(a)</sup> Levied for the Fiscal Year (Original Levy)			Collected Within the Fiscal Year of the Levy			Total Collections to Date		
		Adjustments	Total Adjusted Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy		
2012	2011	\$ 50,255,433	\$ 913,403	\$ 49,342,030	\$ 44,735,502	89.02%	\$ 1,532,753	\$ 46,268,255	93.77%	
2011	2010	51,197,564	777,902	50,419,662	44,775,206	87.46%	1,819,001	46,594,207	92.41%	
2010	2009	51,424,204	566,792	50,857,412	45,414,298	88.31%	2,039,887	47,454,185	93.31%	
2009	2008	53,090,391	656,203	52,434,188	48,996,211	92.29%	2,109,871	51,106,082	97.47%	
2008	2007	52,632,244	674,189	51,958,055	48,201,774	91.58%	1,893,233	50,095,007	96.41%	
2007	2006	50,775,893	818,318	49,957,575	45,113,305	88.85%	2,214,007	47,327,312	94.74%	
2006	2005	46,640,625	911,302	45,729,323	43,297,409	92.83%	*	43,297,409	94.68%	
2005	2004	44,014,109	1,865,269	42,148,840	38,821,673	88.20%	*	38,821,673	92.11%	
2004	2003	41,847,285	2,678,991	39,168,294	36,770,855	87.87%	*	36,770,855	93.88%	
2003	2002	39,647,219	3,043,657	36,603,562	34,665,210	87.43%	*	34,665,210	94.70%	

<sup>(a)</sup> Taxes levied for the fiscal year included the operating levy, law enforcement levy, and the juvenile home debt service.

\* Information on Collections in Subsequent Years is not available prior to fiscal year 2007.

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.

## County of Kalamazoo, Michigan

### Schedule 9 - Ratios of General Bonded Debt Outstanding, Last Ten Years - 2012-2003 (Unaudited)

Fiscal Year	General Bonded Debt Outstanding				Percentage of		
	Government Obligation Bonds	Business Type Obligation Bonds	Less Amounts Restricted to Repaying Principal	Total	Personal Income	Actual Value of Taxable Property	Per Capita
2012	\$ 33,350,000	\$ 7,520,000	\$ -	\$ 40,870,000	0.45%	0.48%	160.54
2011	35,425,000	7,900,000	-	43,325,000	0.48%	0.49%	171.87
2010	34,190,000	8,400,000	-	42,590,000	0.48%	0.47%	170.13
2009	36,645,000	8,650,000	-	45,295,000	0.53%	0.48%	182.34
2008	38,370,000	8,900,000	-	47,270,000	0.54%	0.49%	192.03
2007	39,555,000	9,100,000	-	48,655,000	0.58%	0.52%	198.88
2006	10,985,000	9,300,000	-	20,285,000	0.25%	0.23%	83.33
2005	12,800,000	9,500,000	-	22,300,000	0.29%	0.26%	91.91
2004	15,256,000	9,500,000	-	24,756,000	0.33%	0.31%	102.25
2003	14,620,000	9,500,000	-	24,120,000	0.33%	0.32%	99.62

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

Note: 2012 percentage of Personal Income calculated using 2011 personal income data, which is the most recent available.

## County of Kalamazoo, Michigan

### Schedule 10 - Direct and Overlapping Governmental Activities Debt, as of December 31, 2012 (Unaudited) (continued)

<i>Governmental Unit</i>	<i>Debt Outstanding</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Direct and Overlapping Debt</i>
<b>Libraries:</b>			
Kalamazoo District	\$ 2,000,000	100.00%	\$ 2,000,000
Otsego	3,145,000	33.09%	1,040,681
Richland	585,000	100.00%	585,000
<b>Total Libraries</b>			<b>3,625,681</b>
<b>Townships:</b>			
Brady	1,002,456	100.00%	1,002,456
Charleston	3,328	100.00%	3,328
Comstock	670,000	100.00%	670,000
Cooper	1,550,000	100.00%	1,550,000
Pavilion	362,544	100.00%	362,544
Texas	319,000	100.00%	319,000
<b>Total Townships</b>			<b>3,907,328</b>
<b>Cities:</b>			
Galesburg	2,025,000	100.00%	2,025,000
Kalamazoo	40,340,000	100.00%	40,340,000
Parchment	-	100.00%	-
Portage	78,675,000	100.00%	78,675,000
<b>Total Cities</b>			<b>121,040,000</b>
<b>Villages:</b>			
Augusta	990,000	100.00%	990,000
Climax	85,000	100.00%	85,000
Richland	21,000	100.00%	21,000
Schoolcraft	635,000	100.00%	635,000
<b>Total Villages</b>			<b>1,731,000</b>

## County of Kalamazoo, Michigan

### Schedule 10 - Direct and Overlapping Governmental Activities Debt, as of December 31, 2012 (Unaudited) (concluded)

<i>Governmental Unit</i>	<i>Debt Outstanding</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Direct and Overlapping Debt</i>
<b>School Districts:</b>			
Athens	\$ 2,365,000	4.84%	\$ 114,466
Climax Scotts	5,472,120	87.16%	4,769,500
Colon	13,970,000	0.92%	128,524
Comstock	7,983,000	100.00%	7,983,000
Galesburg Augusta	15,524,053	100.00%	15,524,053
Gull Lake	41,533,000	83.22%	34,563,763
Kalamazoo	143,735,000	100.00%	143,735,000
Lawton	27,576,539	0.63%	173,732
Mattawan	22,305,000	67.27%	15,004,574
Mendon	14,786,811	1.45%	214,409
Otsego	60,045,956	40.44%	24,282,585
Parchment	33,799,389	100.00%	33,799,389
Plainwell	53,450,362	34.34%	18,354,854
Portage	119,850,000	100.00%	119,850,000
Schoolcraft	12,747,510	100.00%	12,747,510
Vicksburg	13,659,000	97.40%	13,303,866
<b>Total School Districts</b>			<b>444,549,224</b>
<b>Intermediate School Districts:</b>			
Allegan	2,925,000	11.96%	349,830
Kalamazoo RESA	19,725,000	97.61%	19,253,573
<b>Total Intermediate School Districts</b>			<b>19,603,403</b>
<b>Subtotal, Overlapping Debt</b>			<b>594,456,635</b>
<b>Total Direct Debt</b>			<b>40,870,000</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 635,326,635</b>

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

### Schedule 11 - Legal Debt Margin Information, Last Ten Years - 2012-2003 (Unaudited)

<i>December 31,</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
<b>Legal Debt Margin:</b>				
Assessed value of property (SEV)*	\$ 8,487,575,311	\$ 8,829,083,907	\$ 8,987,753,185	\$ 9,463,789,245
<hr/>				
Debt limit, 10% of assessed value (SEV) (constitutional debt limit)	\$ 848,757,531	\$ 882,908,391	\$ 898,775,319	\$ 946,378,925
<hr/>				
Amount of debt applicable to limit:				
Debt issues for purpose of the County functions only:				
Building Authority	36,535,000	37,625,000	35,700,000	36,350,000
Notes payable	-	1,716	4,960	7,971
Debt issues for benefit of local improvements:				
Water	620,000	670,000	720,000	770,000
Sewage	3,440,000	4,715,000	5,815,000	7,565,000
Water and sewage	-	-	-	-
Drainage	275,000	315,000	355,000	610,000
Notes payable	-	-	180,000	240,000
<hr/>				
Total net debt applicable to limit	40,870,000	43,326,716	42,774,960	45,542,971
<hr/>				
Legal Debt Margin	\$ 807,887,531	\$ 839,581,675	\$ 856,000,359	\$ 900,835,954
<hr/>				
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	4.82%	4.91%	4.76%	4.81%

## County of Kalamazoo, Michigan

### Schedule 11 - Legal Debt Margin Information, Last Ten Years - 2012-2003 (Unaudited)

2008	2007	2006	2005	2004	2003
\$ 9,688,818,821	\$ 9,411,054,325	\$ 8,997,222,049	\$ 8,480,400,646	\$ 8,022,206,352	\$ 7,534,009,202
\$ 968,881,882	\$ 941,105,433	\$ 899,722,205	\$ 848,040,065	\$ 802,220,635	\$ 753,400,920
36,950,000	37,420,000	9,300,000	9,500,000	9,500,000	9,500,000
386,918	741,244	1,090,282	1,424,813	1,750,000	-
820,000	875,000	930,000	970,000	245,000	270,000
9,070,000	9,730,000	10,790,000	11,830,000	12,860,000	13,725,000
-	-	-	-	-	625,000
430,000	630,000	-	-	-	-
240,950	422,900	767,000	289,500	401,000	-
47,897,868	49,819,144	22,877,282	24,014,313	24,756,000	24,120,000
\$ 920,984,014	\$ 891,286,289	\$ 876,844,923	\$ 824,025,752	\$ 777,464,635	\$ 729,280,920
4.94%	5.29%	2.54%	2.83%	3.09%	3.20%

Source: County of Kalamazoo, Michigan, Equalization Department and 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 value of property for prior years have been revised accordingly.

## County of Kalamazoo, Michigan

### Schedule 12 - Demographic and Economic Statistics, Last Ten Fiscal Years - 2012-2003 (Unaudited)

<i>Year</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>
2012	254,580	*	*	7.0%
2011	252,074	\$ 9,057,879,000	\$ 35,933	8.2%
2010	250,331	\$ 8,793,849,000	\$ 35,129	10.2%
2009	248,407	\$ 8,570,563,000	\$ 34,502	9.8%
2008	246,157	\$ 8,717,202,000	\$ 35,413	6.2%
2007	244,651	\$ 8,346,001,000	\$ 34,114	5.2%
2006	243,434	\$ 8,102,120,000	\$ 33,283	5.1%
2005	242,617	\$ 7,735,983,000	\$ 31,886	5.1%
2004	242,110	\$ 7,522,956,000	\$ 31,411	5.7%
2003	242,110	\$ 7,370,638,000	\$ 30,534	5.5%

*Source: State of Michigan Department of Labor and Economic Growth, U.S. Census Bureau, and U.S. Department of Commerce - Bureau of Economic Analysis.*

*\* Personal income and per capita personal income information is not yet available for 2012.*

# County of Kalamazoo, Michigan

## Schedule 13 - Principal Employers, Current Year and Nine Years Ago - December 31, 2012 and 2003 (Unaudited)

<i>Employer</i>	<i>Fiscal Year 2012</i>			<i>Fiscal Year 2003</i>		
	<i>Employees</i>	<i>Rank</i>	<i>Percentage of Total County Employment</i>	<i>Employees</i>	<i>Rank</i>	<i>Percentage of Total County Employment</i>
Western Michigan University	3,998	1	3.44%	4,612	3	3.75%
Borgess Medical Center	3,997	2	3.44%	4,614	2	3.75%
Bronson Methodist Hospital	3,991	3	3.44%	3,726	4	3.03%
Pfizer/Pharmacia	3,000	4	2.58%	6,000	1	4.88%
Stryker Corporation	2,300	5	1.98%	1,400	8	1.14%
Kalamazoo Public School District	2,200	6	1.89%	2,200	5	1.79%
PNC (National City)	1,800	7	1.55%	2,000	7	1.63%
Meijer, Inc.	1,655	8	1.43%	2,120	6	1.72%
MPI	1,300	9	1.12%			
County of Kalamazoo	1,029	10	0.89%			
Portage Public Schools				1,121	10	0.91%
Summit Polymers, Inc.				1,198	9	0.97%
	25,270		21.76%	28,991		23.57%
<b>Total County Employment</b>	<b>116,115</b>		<b>100%</b>	<b>123,042</b>		<b>100%</b>

*Note: This schedule is based on 2011, since 2012 information is unavailable.*

*Source: Kalamazoo Chamber of Commerce and W.E. Upjohn Institute.*

## County of Kalamazoo, Michigan

### Schedule 14 - Full-time Equivalent County Government Employees by Function, Last Ten Fiscal Years - 2012-2003 (Unaudited)

<i>Function/Program</i>	<i>Full-time Equivalent Employees as of December 31,</i>									
	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
General government	138.8	140.3	139.8	129.2	128.2	128.2	128.7	127.7	128.4	133.4
Public safety	215.8	224.3	220.8	226.5	226.5	226.5	226.0	225.9	227.2	236.0
Health and welfare	286.3	292.1	285.3	295.6	278.0	299.3	306.3	314.4	316.2	328.3
Recreation and culture	18.6	18.2	18.2	19.0	19.0	17.3	17.7	19.5	19.8	20.5
Legislative	6.3	6.3	6.3	6.3	6.3	6.0	6.0	9.8	9.8	10.3
Judicial	223.5	227.8	226.8	226.0	225.1	222.1	225.1	225.9	227.3	235.9
Other	16.0	21.0	21.0	31.6	29.6	29.6	28.9	29.5	29.6	30.8
Airport	22.0	23.5	23.5	23.5	23.5	23.5	23.5	19.5	19.8	20.5
<b>Total</b>	<b>927.3</b>	<b>953.5</b>	<b>941.7</b>	<b>957.7</b>	<b>936.2</b>	<b>952.5</b>	<b>962.2</b>	<b>972.2</b>	<b>978.1</b>	<b>1015.7</b>

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

# County of Kalamazoo, Michigan

## Schedule 15 - Operating Indicators by Function, Last Ten Fiscal Years - 2012-2003 (Unaudited)

<i>Function/Program</i>	<i>Fiscal Year</i>									
	<i>2012</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
<b>General Government:</b>										
Revenue from sale of maps, aerial photos and street directories	\$ 9,166	\$ 7,625	\$ 5,594	\$ 865	\$ 1,490	\$12,117	\$ 1,039	\$ 1,809	\$ 262	\$ 362
Revenue from Soil Erosion and Sedimentation Control permits issued	\$28,029	\$21,754	\$21,880	\$22,715	\$30,173	\$36,180	\$47,147	\$50,011	\$60,728	\$58,353
<b>Public Safety:</b>										
Jail bookings	13,380	12,591	12,372	11,849	11,539	11,499	12,319	11,777	11,305	10,652
Average daily population	409	387	374	388	391	366	340	365	359	340
<b>Judicial:</b>										
8th District Court caseloads	59,858	55,636	64,034	67,143	73,210	80,700	79,257	82,326	80,608	79,296
<b>Airport:</b>										
Based aircraft	111	143	143	143	143	148	148	144	130	123
Enplanements	130,163	152,593	141,083	139,712	166,986	206,659	236,744	222,343	223,244	234,796

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

## County of Kalamazoo, Michigan

### Schedule 16 - Capital Asset Statistics by Function, Last Ten Fiscal Years - 2012-2003 (Unaudited)

<i>Function/Program</i>	<i>Fiscal Year</i>									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Public Safety:</b>										
Correction facility capacity	327	327	327	327	327	327	327	327	327	327
Juvenile Home capacity	64	64	64	64	40	40	40	40	40	40
<b>Recreation and Culture:</b>										
Parks	6	6	6	6	6	6	6	6	6	6
County Fairground	1	1	1	1	1	1	1	1	1	1
<b>Judicial:</b>										
Courthouse buildings	3	3	3	3	3	3	3	3	3	2
<b>Airport Operations:</b>										
Number of runways	3	3	3	3	3	3	3	3	3	3
Terminals	2	2	1	1	1	1	1	1	1	1
Number of hangars	84	95	95	95	95	95	95	95	95	95

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

## Information on Single Audit

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## Independent Auditor's 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*

Board of Commissioners  
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, 2012 (September 30, 2012, for certain component units), 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 19, 2013. Our report includes a reference to other auditors who audited the financial statements of the Kalamazoo County Road Commission, the Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS), and the Kalamazoo County Transportation 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 these auditors.

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

#### *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 entity'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.

*BDO USA, LLP*

Kalamazoo, Michigan

June 19, 2013



## **Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Board of Commissioners  
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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the summary of auditor's 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, which expended \$3,979,774 in federal awards, Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS), which expended \$6,241,787 in federal awards, and Kalamazoo County Land Bank Authority, which expended \$3,200,020 in federal awards, and are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2012. Our audit, described below, did not include the operations of the Kalamazoo County Road Commission, KCMHSAS, and Kalamazoo County Land Bank Authority because the component units' audits in accordance with *OMB Circular A-133* were performed separately, and a separate report was issued. The audits of the Kalamazoo County Road Commission and KCMHSAS were performed by other auditors.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

### ***Auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2012.

#### *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 a 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 OMB Circular A-133, 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*BDO USA, LLP*

Kalamazoo, Michigan

June 19, 2013

## Schedule of Expenditures of Federal Awards

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# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2012

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
<b>U.S. Department of Agriculture:</b>		
<i>Passed-through Michigan Department of Education:</i>		
School Breakfast Program:		
Breakfast - Project No. 131970	10.553	\$ 9,035
Breakfast - Project No. 121970	10.553	21,238
		30,273
National School Lunch Program:		
Section 11 - Free and Reduced - Project No. 131960	10.555	14,725
Section 11 - Free and Reduced - Project No. 121960	10.555	34,339
USDA Commodities - National School Lunch & Breakfast Program	10.555	5,215
		54,279
<i>Passed-through Michigan Department of Community Health:</i>		
Special Supplemental Nutrition Program for Women, Infants, and Children:		
Special Support Food Program for Women, Infants, and Children	10.557	524,852
<i>Passed-through Michigan Department of Education:</i>		
Child and Adult Care Food Program:		
Child Care Food Program	10.558	291,210
<i>Passed-through Michigan Department of Human Services:</i>		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:		
Food Stamp Fraud Prosecution	10.561	19,151
<b>Total U.S. Department of Agriculture</b>		<b>919,765</b>
<b>U.S. Department of Housing and Urban Development:</b>		
<i>Passed-through Michigan State Housing Development Authority:</i>		
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii:		
CDBG Housing Grant	14.228	247,654
<b>Total U.S. Department of Housing and Urban Development</b>		<b>247,654</b>
<b>U.S. Department of Justice:</b>		
<i>Passed-through Michigan State Police:</i>		
DCE/SP (HEMP) Overtime Reimbursement	16.000	2,123
<i>Passed-through Michigan Department of Human Services:</i>		
Juvenile Accountability Block Grants:		
Juvenile Accountability Incentive Block Grant JAIBG-11-39001	16.523	2,338
Juvenile Justice and Delinquency Prevention - Allocation to States:		
Disproportionate Minority Contact Reduction Project (DMC)	16.540	57,455

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2012

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
<b>U.S. Department of Justice (Concluded):</b>		
<i>Passed-through Michigan Department of Community Health:</i>		
<i>Crime Victim Assistance:</i>		
Victims of Violence - Assistance Program 20081-16V12	16.575	\$ 15,005
Direct Program - State Criminal Alien Assistance Program	16.606	632
Direct Program - Bulletproof Vest Partnership Program	16.607	6,556
<i>Direct Program - Public Safety Partnership and Community Policing Grants:</i>		
COPS Grant 2006-CK-WX-0555	16.710	3,600
<i>Passed-through Michigan State Police:</i>		
<i>Edward Byrne Memorial Justice Assistance Grant Program:</i>		
SWET 70888-4-12-B	16.738	45,264
SWET 70888-5-13-B	16.738	27,217
Adult Men's Drug Treatment Court 2012-DJ-BX-0109	16.738	35,350
Adult Men's Drug Treatment Court 2011-DJ-BX-2240	16.738	29,370
Adult Women's Drug Treatment Court 2012-DJ-BX-0109	16.738	33,770
Adult Women's Drug Treatment Court 2011-DJ-BX-2240	16.738	47,829
<i>Passed-through City of Kalamazoo, Michigan:</i>		
<i>Edward Byrne Memorial Justice Assistance Grant Program:</i>		
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant	16.738	7,000
		225,800
<i>Passed-through Michigan Department of Community Health:</i>		
<i>Recovery Act - State Victim Assistance Formula Grant Program:</i>		
Victims of Violence Assistance Program - ARRA-20081-15R09	16.801	54,449
<i>Passed-through Michigan State Police:</i>		
<i>Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/ Grants to States &amp; Territories:</i>		
ARRA - 8th District Court - Sobriety Court Enhancement Project	16.803	125,562
<i>Passed-through City of Kalamazoo, Michigan:</i>		
<i>Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Units of Local Government:</i>		
ARRA - Kalamazoo County Sheriff's Department Recovery Act	16.804	12,348
<b>Total U.S. Department of Justice</b>		<b>505,868</b>
<b>U.S. Department of Labor:</b>		
<i>Passed-through Workforce Development Agency, State of Michigan:</i>		
<i>Employment Service/Wagner-Peyser Funded Activities:</i>		
AY11 Wagner Peyser 7(A)	17.207	\$ 344,431
AY12 Wagner Peyser 7(A)	17.207	94,917
		439,348

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2012

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
<b>U.S. Department of Labor (Continued):</b>		
Unemployment Insurance:		
RES/REA EUC Administration - EUC RES	17.225	147,730
Trade Adjustment Assistance:		
FY12 Trade Adjustment Assistance - Trade	17.245	716,092
FY12 Trade Adjustment Assistance - Case Management	17.245	27,000
FY13 Trade Adjustment Assistance - Trade	17.245	150,072
		893,164
Work Force Investment Act Adult Program:		
AY11 WIA Adult	17.258	861,582
AY12 WIA Adult	17.258	28,239
AY10 WIA Local Administration	17.258	2,926
AY11 WIA Local Administration	17.258	106,826
AY12 WIA Local Administration	17.258	1,588
AY10 WIA SWA - MWA Service Center Operations - PY2010	17.258	1,214
AY10 WIA SWA - MWA Service Center Operations - PY2011	17.258	22,657
AY12 WIA SWA - MWA Service Center Operations - PY2012	17.258	3,685
AY11 WIA SWA - High Concentration Youth	17.258	1,803
AY10 WIA SWA - JET Support	17.258	3,640
AY10 WIA SWA - JET	17.258	42,804
AY10 WIA SWA - Capacity Building - PY2011	17.258	4,698
AY10 WIA SWA - Capacity Building - PY2012	17.258	25,130
AY10 WIA SWA - Incentive	17.258	507
		1,107,299
Work Force Investment Act Youth Activities:		
AY11 WIA Youth	17.259	1,040,070
AY12 WIA Youth	17.259	111,804
AY10 WIA Local Administration	17.259	3,133
AY11 WIA Local Administration	17.259	115,883
AY12 WIA Local Administration	17.259	1,698
AY10 WIA SWA - MWA Service Center Operations - PY2010	17.259	1,300
AY10 WIA SWA - MWA Service Center Operations - PY2011	17.259	24,262
AY12 WIA SWA - MWA Service Center Operations - PY2012	17.259	3,941
AY11 WIA SWA - High Concentration Youth	17.259	1,956
AY10 WIA SWA - JET Support	17.259	3,898
AY10 WIA SWA - JET	17.259	46,433
AY10 WIA SWA - Capacity Building - PY2011	17.259	5,030
AY10 WIA SWA - Capacity Building - PY2012	17.259	26,910
AY10 WIA SWA - Incentive	17.259	543
		1,386,861

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2012

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
<b>U.S. Department of Labor (Concluded):</b>		
Work Force Investment Act Dislocated Workers:		
FY09 WIA DW Natural Resources Emergency - ARRA - OJT NEG	17.260	\$ 254,096
Work Force Investment Act National Emergency Grants:		
FY 12 WIA Dislocated Worker - Nat Res - Emergency Grant - OJT NEG	17.277	25,812
Work Force Investment Act Dislocated Worker Formula Grants:		
AY10 WIA Dislocated Worker	17.278	50,990
AY11 WIA Dislocated Worker	17.278	741,274
AY10 WIA Local Administration	17.278	3,907
AY11 WIA Local Administration	17.278	141,016
AY12 WIA Local Administration	17.278	1,723
AY10 WIA SWA - MWA Service Center Operations - PY2010	17.278	1,621
AY10 WIA SWA - MWA Service Center Operations - PY2011	17.278	30,250
AY12 WIA SWA - MWA Service Center Operations - PY2012	17.278	3,999
AY11 WIA SWA - High Concentration Youth	17.278	2,381
AY10 WIA SWA - JET Support	17.278	4,860
AY10 WIA SWA - JET	17.278	56,504
AY10 WIA SWA - Capacity Building - PY2011	17.278	6,272
AY10 WIA SWA - Capacity Building - PY2012	17.278	33,552
AY10 WIA SWA - Incentive	17.278	676
		1,079,025
<b>Total U.S. Department of Labor</b>		<b>5,333,335</b>
<b>U.S. Department of Transportation:</b>		
<i>Passed-through Workforce Development Agency, State of Michigan:</i>		
Highway Planning and Construction:		
Road Construction Apprenticeship Readiness (RCAR) Grant #KSJ11-RCAR4	20.205	25,831
<i>Passed-through Michigan Department of State Police:</i>		
State and Community Highway Safety:		
Strategic Traffic Enforcement Program - Police Traffic Services	20.600	2,919
Strategic Traffic Enforcement Program - Safety Belt Enforcement	20.600	2,749
		5,668
Alcohol Impaired Driving Countermeasures Incentive Grants I:		
Strategic Traffic Enforcement Program - Impaired Driving Enforcement	20.601	1,590
Interagency Hazardous Materials Public Sector Training & Planning Grants:		
Hazardous Materials Emergency Preparedness Planning Program	20.703	4,752
<b>Total U.S. Department of Transportation</b>		<b>37,841</b>

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2012

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
<b>U.S. Environmental Protection Agency:</b>		
<i>Passed-through Michigan Department of Environmental Quality:</i>		
<i>Water Quality Management Planning:</i>		
ARRA - Davis Creek TMDL Reduction Study	66.454	\$ 1,126
<i>Nonpoint Source Implementation Grants:</i>		
Davis Creek Stream Stabilization	66.460	6,261
<i>Passed-through Michigan Department of Agriculture:</i>		
<i>Great Lakes Program:</i>		
Clean Sweep Program	66.469	6,080
<i>Passed-through Michigan Department of Environmental Quality:</i>		
<i>State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs:</i>		
Nontransient NCW System	66.471	721
<b>Total U.S. Environmental Protection Agency</b>		<b>14,188</b>
<b>U.S. Department of Energy:</b>		
<i>Passed-through Michigan Department of Human Services:</i>		
<i>Weatherization Assistance for Low-Income Persons:</i>		
ARRA - Weatherization Assistance Program	81.042	223,923
Weatherization Assistance Program	81.042	152,285
		376,208
<i>Passed-through Workforce Development Agency, State of Michigan:</i>		
<i>Electricity Delivery And Energy Reliability, Research, Development and Analysis:</i>		
AY10 Kalamazoo ARRA Utility	81.122	199,557
<b>Total U.S. Department of Energy</b>		<b>575,765</b>
<b>U.S. Department of Health and Human Services:</b>		
<i>Passed-through Michigan Office of Services to the Aging:</i>		
<i>Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation:</i>		
Title VII EAP Services	93.041	8,162
<i>Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals:</i>		
Title VII/A LTC Ombudsman	93.042	9,621
<i>Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services:</i>		
Title III D Services	93.043	13,367
<i>Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers:</i>		
Title III B - Administration	93.044	19,653
Title III B - Services (Program Development)	93.044	33,613
Title III B - Services	93.044	199,878
		253,144

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2012

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
<b>U.S. Department of Health and Human Services (Continued):</b>		
Special Programs for the Aging - Title III, Part C - Nutrition Services:		
Title III Administration	93.045	\$ 35,501
Title III C1/C2 Services	93.045	359,015
		394,516
<b>National Family Caregiver Support - Title III, Part E:</b>		
Title III E - NFCSP	93.052	15,034
Title III E - Care Management	93.052	35,849
Title III E - Administration	93.052	8,241
Title III E - Information and Assistance	93.052	32,278
		91,402
<b>Nutrition Services Incentive Program:</b>		
Area Agency on Aging - USDA Senior Citizen Meals	93.053	140,209
<b>Passed-through Michigan Department of Community Health:</b>		
Public Health Emergency Preparedness:		
Bioterrorism Regional EPI Support	93.069	2,492
Laboratory Services Bio	93.069	90,150
Bioterrorism - Coordination	93.069	155,433
		248,075
<b>Environmental Public Health &amp; Emergency Response:</b>		
Healthy Homes and Lead Poisoning Prevention	93.070	14,289
<b>Immunization Cooperative Agreements:</b>		
Vaccine Provided	93.268	238,913
Infant Immunization Initiative	93.268	109,213
		348,126
<b>Centers for Disease Control and Prevention - Investigations and Technical Assistance:</b>		
BCCCP Coordination	93.283	(44,847)
Family Planning / BCCCP Joint Project	93.283	(3,024)
		(47,871)
<b>Affordable Care Act - Building Epidemiology, Laboratory and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease and Emerging Infections Program Cooperative Agreements:</b>		
Laboratory Services ELC	93.521	15,000
<b>Passed-through Workforce Development Agency, State of Michigan:</b>		
Temporary Assistance for Needy Families:		
FY12 TANF - JET	93.558	2,171,272
FY13 TANF - JET	93.558	439,381
		2,610,653

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2012

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
<b>U.S. Department of Health and Human Services (Continued):</b>		
<i>Passed-through Michigan Department of Human Services:</i>		
Child Support Enforcement:		
Child Support Enforcement:		
CS/FOC-10-39001 (YR 3)	93.563	\$ 1,345,088
CS/FOC-13-39001 (YR 1)	93.563	419,122
CS/PA-10-39002 (YR 3)	93.563	329,795
CS/PA-13-39002 (YR 1)	93.563	113,488
Federal Performance Incentive Payment:		
CS/FOC-10-39001 (FY2012) (YR 3)	93.563	224,659
CS/FOC-13-39001 (FY2013) (YR 1)	93.563	81,377
		2,513,529
Low-Income Home Energy Assistance:		
LCA Deliverable Fuel	93.568	67,186
Community Services Block Grant:		
Community Services Block Grant	93.569	622,731
<i>Passed-through State Court Administrative Office:</i>		
Grants to States for Access and Visitation Programs:		
Access and Visitation Grant	93.597	13,305
Direct Program - Head Start:		
Head Start 05CH5120/36	93.600	42,903
Head Start 05CH5120/37	93.600	4,293,664
Head Start Body Start	93.600	32,726
		4,369,293
<i>Passed-through Michigan Department of Human Services:</i>		
Foster Care - Title IV-E:		
Prosecuting Attorney DHS Grant PROF-11-39001	93.658	55,990
<i>Passed-through Michigan Office of Services to the Aging:</i>		
ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program:		
ARRA - PATH Grant	93.725	18,732
<i>Passed-through Michigan Department of Community Health:</i>		
Medical Assistance Program:		
Case Management Services - CHSCS	93.778	42,807
Medicaid Outreach	93.778	78,593
Medicaid Administrative	93.778	178,446
<i>Passed-through Michigan Office of Services to the Aging:</i>		
Medical Assistance Program:		
Targeted Case Management	93.778	23,445
		323,291

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2012

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
<b>U.S. Department of Health and Human Services (Concluded):</b>		
<i>Passed-through Area Agency on Aging Association of Michigan:</i>		
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations:		
MMAP	93.779	\$ 38,206
Direct Program - Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations: Michigan Disability Resource Center	93.779	55,282
		93,488
<i>Passed-through Michigan Department of Community Health:</i>		
Cooperative Agreements for State Based Comprehensive Breast and Cervical Cancer Early Detection Programs:		
Family Planning/BCCCP Joint Project	93.919	11,136
BCCCP Coordination	93.919	237,246
		248,382
Direct Program - Healthy Start Initiative	93.926	576,120
<i>Passed-through Michigan Department of Community Health:</i>		
HIV Prevention Activities - Health Department Based: AIDS/HIV Prevention	93.940	(832)
Preventative Health and Health Services Block Grant:		
Sexually Transmitted Disease (STD Control)	93.991	58,500
Maternal and Child Health Services Block Grant to the States:		
MCH Block Grant	93.994	159,068
MPHI Block Grant	93.994	1,080
Case Management Services - CSHCS	93.994	66,192
		226,340
<b>Total U.S. Department of Health and Human Services</b>		<b>13,284,748</b>
<b>Executive Office of the President:</b>		
<i>Passed-through Southwest Enforcement Team (SWET):</i>		
High Intensity Drug Trafficking Areas:		
Meth/Cocaine Investigations Overtime Reimbursements	95.001	4,874
<b>Total Executive Office of the President</b>		<b>4,874</b>
<b>U.S. Department of Homeland Security:</b>		
<i>Passed-through Michigan Department of Natural Resources:</i>		
Boating Safety Financial Assistance: Marine Safety Program	97.012	\$ 45,000
<i>Passed-through Michigan State Police:</i>		
Emergency Management Performance Grants:		
Emergency Management Performance Grant (PY2013)	97.042	13,337
Emergency Management Performance Grant (PY2012)	97.042	39,828
		53,165

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2012 (concluded)

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U.S. Department of Homeland Security (Concluded):

*Passed-through Oshtemo Township Fire Department:*

Assistance to Firefighters Grant:

Assistance to Firefighters Grant Program - Operations and Safety Program	97.044	3,360
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*Passed-through Van Buren County:*

Homeland Security Grant Program:

Homeland Security Grant Program	97.067	549,361
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Michigan Citizens Corps Grant Program	97.067	3,093
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552,454

Direct Program - Law Enforcement Officer Reimbursement Agreement Program	97.090	138,348
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<b>Total U.S. Department of Homeland Security</b>		<b>792,327</b>
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<b>Total Primary Government Unit</b>		<b>\$ 21,716,365</b>
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# County of Kalamazoo, Michigan

## Supplemental Schedule of Expenditures by Service September 30, 2012

<i>Services</i>	<i>Federal</i>	<i>Title</i>	<i>Title</i>	<i>Title</i>	<i>Title</i>	<i>Title</i>	<i>NSIP/</i>	<i>Title</i>	<i>NFCSP</i>	<i>State</i>	<i>State</i>
	<i>Admin.</i>	<i>IIIB</i>	<i>IIIC-1</i>	<i>IIIC-2</i>	<i>VII/EAP</i>	<i>VIA</i>	<i>USDA</i>	<i>IIID</i>	<i>IIIE</i>	<i>Admin.</i>	<i>Care</i>
											<i>Mgmt.</i>
Adult day care	\$ -	\$ 21,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,077	\$ -	\$ -
Care management	-	49,020	-	-	-	-	-	-	14,367	-	137,109
Caregiver E,S,T	-	-	-	-	-	-	-	-	4,443	-	-
Case coordination and support	-	5,493	-	-	-	-	-	-	-	-	-
Congregate meals	-	-	179,152	-	-	-	38,776	-	-	-	-
Counseling	-	-	-	-	-	-	-	-	7,111	-	-
Disease prevention	-	-	-	-	-	10,093	-	13,367	-	-	-
Elder abuse prevention	-	-	-	-	8,603	-	-	-	-	-	-
Gap services	-	911	-	-	-	-	-	-	-	-	-
Home delivered meals	-	-	-	179,252	-	-	96,668	-	-	-	-
Home injury control	-	3,000	-	-	-	-	-	-	-	-	-
Homemaker	-	12,987	-	-	-	-	-	-	-	-	-
Information & assistance	-	2,917	-	-	-	-	-	-	36,841	-	-
Legal assistance	-	13,742	-	-	-	-	-	-	-	-	-
LTC ombudsman	-	5,384	-	-	-	-	-	-	-	-	-
Medication management	-	4,783	-	-	-	-	-	-	-	-	-
Nutrition education	-	-	623	623	-	-	-	-	-	-	-
PERS/Assist tech and devices	-	-	-	-	-	-	-	-	10,535	-	-
Personal care	-	8,398	-	-	-	-	-	-	-	-	-
Program development	-	39,284	-	-	-	-	-	-	-	-	-
Respite care	-	-	-	-	-	-	-	-	2,860	-	-
Senior center staffing	-	7,093	-	-	-	-	-	-	-	-	-
Transportation	-	40,539	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	215,065	179,775	179,875	8,603	10,093	135,444	13,367	85,234	-	137,109
Administration	73,899	-	-	-	-	-	-	-	-	12,609	-
<b>Total</b>	<b>\$ 73,899</b>	<b>\$ 215,065</b>	<b>\$ 179,775</b>	<b>\$ 179,875</b>	<b>\$ 8,603</b>	<b>\$ 10,093</b>	<b>\$ 135,444</b>	<b>\$ 13,367</b>	<b>\$ 85,234</b>	<b>\$ 12,609</b>	<b>\$ 137,109</b>

# County of Kalamazoo, Michigan

## Supplemental Schedule of Expenditures by Service September 30, 2012

State Access	State In-Home	State Cong. Meals	State HDM	State NHO	State Alt. Care	State Respite/ Tobacco	Civil Money Penalty	State Merit Award Trust	Program Income	Cash Match	In-Kind Match	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,111	\$ -	\$ 56,001	\$ 1,066	\$ 2,414	\$ 2,998	\$ 111,181
14,357	-	-	-	-	-	-	-	-	210	143,598	6,305	364,966
-	-	-	-	-	-	-	-	-	-	-	639	5,082
-	-	-	-	-	-	-	-	-	-	45	-	5,538
-	-	4,551	-	-	-	-	-	-	73,746	17,961	20,301	334,487
-	-	-	-	-	-	-	-	-	584	925	8	8,628
-	-	-	-	-	-	-	-	-	1,588	21,149	-	46,197
-	-	-	-	-	-	-	-	-	-	-	-	8,603
-	-	-	-	-	-	-	-	-	-	-	-	911
-	-	-	164,874	-	-	-	-	-	94,278	-	38,236	573,308
-	-	-	-	-	-	-	-	-	-	-	334	3,334
-	38,401	-	-	-	50,065	-	-	-	-	-	11,273	112,726
-	-	-	-	-	-	-	-	-	1,168	9,056	725	50,707
-	-	-	-	-	-	-	-	-	-	1,374	-	15,116
-	-	-	-	30,216	-	-	38,269	-	47,218	9,023	3,349	133,459
-	-	-	-	-	-	-	-	-	-	-	531	5,314
-	-	-	-	-	-	-	-	-	-	-	139	1,385
-	-	-	-	-	-	-	-	-	-	-	1,171	11,706
-	8,825	-	-	-	5,914	-	-	-	-	-	2,571	25,708
-	-	-	-	-	-	-	-	-	6,299	2,258	4,244	52,085
-	79	-	-	-	-	22,484	-	11,452	-	-	4,098	40,973
-	-	-	-	-	-	-	-	-	-	666	223	7,982
-	-	-	-	-	-	-	-	-	8,800	2,084	3,818	55,241
14,357	47,305	4,551	164,874	30,216	55,979	40,595	38,269	67,453	234,957	210,553	100,963	1,974,637
-	-	-	-	-	-	-	-	6,671	11,698	4,193	7,881	116,951
<b>\$ 14,357</b>	<b>\$ 47,305</b>	<b>\$ 4,551</b>	<b>\$ 164,874</b>	<b>\$ 30,216</b>	<b>\$ 55,979</b>	<b>\$ 40,595</b>	<b>\$ 38,269</b>	<b>\$ 74,124</b>	<b>\$ 246,655</b>	<b>\$ 214,746</b>	<b>\$ 108,844</b>	<b>\$ 2,091,588</b>

# County of Kalamazoo, Michigan

## Supplemental Schedule of Federal Awards Schedule of Federal Pass-Through Funds to Subrecipients - Year Ended December 31, 2012

<i>Program Name</i>	<i>CFDA Number</i>	<i>Current Year</i>
Wagner Peyser 7(A)	17.207	\$ 439,348
RES/REA EUC Administration - EUC RES	17.225	147,730
Trade Adjustment Assistance - Trade	17.245	866,164
Trade Adjustment Assistance - Case Management	17.245	27,000
Workforce Investment Act - Adult	17.258	889,821
Workforce Investment Act - SWA - JET	17.258	42,804
Workforce Investment Act - SWA - Capacity Building	17.258	29,828
Workforce Investment Act - Local Administration	17.258	111,340
Workforce Investment Act - High Concentration Youth Type N	17.258	1,803
Workforce Investment Act - SWA - JET Support	17.258	3,640
Workforce Investment Act - SWA - Incentive	17.258	507
Workforce Investment Act - SWA - MWA Service Center Operations	17.258	27,556
Workforce Investment Act - Youth	17.259	1,151,874
Workforce Investment Act - SWA - JET	17.259	46,433
Workforce Investment Act - SWA - Capacity Building	17.259	31,940
Workforce Investment Act - Local Administration	17.259	120,714
Workforce Investment Act - High Concentration Youth Type N	17.259	1,956
Workforce Investment Act - SWA - JET Support	17.259	3,898
Workforce Investment Act - SWA - Incentive	17.259	542
Workforce Investment Act - SWA - MWA Service Center Operations	17.259	29,503
Workforce Investment Act - Dislocated Worker Nat. Res. Emer. - ARRA - OJT NEG	17.260	254,096
Workforce Investment Act - Dislocated Worker Nat. Res. Emer. -OJT NEG	17.277	25,812
Workforce Investment Act - Dislocated Worker	17.278	792,264
Workforce Investment Act - SWA - JET	17.278	56,504
Workforce Investment Act - SWA - Capacity Building	17.278	39,824
Workforce Investment Act - Local Administration	17.278	146,647
Workforce Investment Act - High Concentration Youth Type N	17.278	2,381
Workforce Investment Act - SWA - JET Support	17.278	4,860
Workforce Investment Act - SWA - Incentive	17.278	676
Workforce Investment Act - SWA - MWA Service Center Operations	17.278	35,870

**County of Kalamazoo, Michigan**  
**Supplemental Schedule of Federal Awards**  
**Schedule of Federal Pass-Through Funds to Subrecipients -**  
**Year Ended December 31, 2012**

<i>Program Name</i>	<i>CFDA Number</i>	<i>Current Year</i>
Road Construction Apprenticeship Readiness Grant #KSJ11-RCAR4	20.205	\$ 25,831
Kalamazoo ARRA Utility Grant	81.122	199,557
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	63,458
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	357,768
National Family Caregiver Support - Title III, Part E	93.052	15,034
Nutrition Services Incentive Program (USDA) - Senior Citizens' Meal Program	93.053	140,209
Temporary Assistance for Needy Families - JET	93.558	2,610,653
Community Services Block Grant (CSBG)	93.569	43,036
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	35,128
<b>Total Federal Pass-Through Funds to Subrecipients</b>		<b>\$8,824,009</b>

# County of Kalamazoo, Michigan

## Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2012

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The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County of Kalamazoo, Michigan, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

### Note 1 - U.S. Department of Transportation Grants

The County participates in the Airport Improvement Program of the U.S. Department of Transportation, CFDA 20.106. The discretely presented component unit (Road Commission) participates in the Highway Research, Planning, and Construction Program of the U.S. Department of Transportation, CFDA 20.205. The programs are both administered by the Michigan Department of Transportation, therefore, the County and the Road Commission have no responsibilities regarding fiscal or compliance controls over such assistance.

### Note 2 - U.S. Department of Homeland Security

The County has also entered into an "other transaction" agreement with the U.S. Department of Homeland Security, Transportation Security Administration (TSA) under Section 101(a) of Public Law 107-71, Aviation and Transportation Security Act (ATSA), as codified at 49 U.S.C. Section 114(m). No CFDA is issued for these federal funds. The County follows OMB A-87 Circular and the TSA Planning Guidelines and Design Standards with respect to the identification of costs for the project.

These grants consist of the following:

	<i>Federal CFDA Number</i>	<i>Current Year Expenditures</i>
<i>December 31, 2012</i>		
<hr/>		
<b>Primary Government -</b>		
<b>U.S. Department of Transportation -</b>		
<i>Passed-through Michigan Department of Transportation:</i>		
Airport Improvement Program	20.106	\$ 1,042,778
<b>U.S. Department of Homeland Security -</b>		
<i>Direct Program - Terminal Baggage Screening Project</i>		
Kalamazoo/Battle Creek International Airport Baggage Screening Project	N/A	330,245
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<b>Total Primary Government</b>		<b>\$ 1,373,023</b>
<b>Discretely Presented Component Unit -</b>		
<b>Governmental - Road Commission -</b>		
<b>U.S. Department of Transportation -</b>		
<i>Passed-through Michigan Department of Transportation:</i>		
Highway Research, Planning, and Construction	20.205	\$ 3,979,774
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# County of Kalamazoo, Michigan

## Schedule of Findings and Questioned Costs Year Ended December 31, 2012

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified?	None Reported
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of <i>OMB Circular A-133</i> ?	No
Identification of major programs:	

***CFDA No. Name of Federal Program or Cluster***

17.245	Trade Adjustment Assistance	
17.258	WIA Cluster - Adult Program	
17.259	WIA Cluster - Youth Activities	
17.278	WIA Cluster - Dislocated Worker Formula Grants	
93.044	Aging Cluster - Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	
93.045	Aging Cluster - Special Programs for the Aging - Title III, Part C - Nutrition Services	
93.053	Aging Cluster - Nutrition Services Incentive Program	
93.069	Public Health Emergency Preparedness Bioterrorism	
93.558	Temporary Assistance for Needy Families	
93.563	Child Support Enforcement	
93.569	Community Services Block Grant	
93.600	Head Start	
93.926	Healthy Start	
	Dollar threshold used to distinguish between Type A and Type B Programs	\$651,491
	Auditee qualified as low-risk auditee?	Yes

County of Kalamazoo, Michigan

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2012

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Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Prior Audit Findings

None.