



# County of Kalamazoo, Michigan

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Comprehensive Annual Financial Report  
and Single Audit Act Compliance

Year Ended December 31, 2013

# County of Kalamazoo, Michigan

Comprehensive Annual Financial Report and  
Single Audit Act Compliance  
Year Ended December 31, 2013

## County of Kalamazoo, Michigan

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Comprehensive Annual Financial Report and Single Audit Act Compliance  
Year Ended December 31, 2013

Prepared By:

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

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# County of Kalamazoo, Michigan

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## Introductory Section

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# County of Kalamazoo, Michigan

## List of Officials for 2013

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### County Board of Commissioners

David Maturen - Chairperson  
David Buskirk - Vice Chairperson  
Carolyn Alford  
Jeff Heppler  
Brandt Iden  
Julie Rogers  
Michael Seals  
Phil Stinchcomb  
John Taylor  
Roger Tunier  
John Zull

### 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

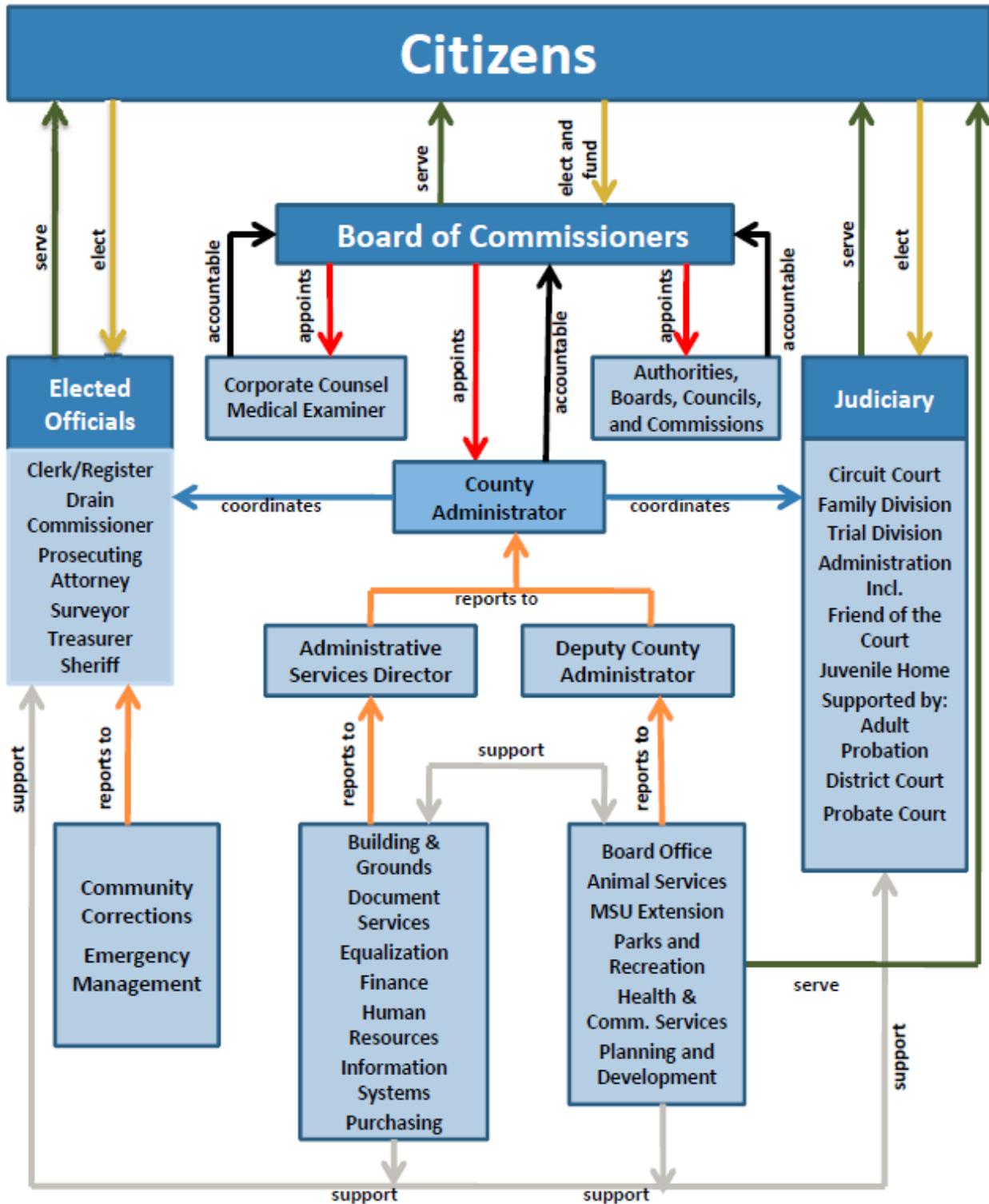
Curtis Bell  
Patricia Conlon

### Others

Prosecutor - Jeffrey Getting  
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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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Kalamazoo**  
**Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO



## 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 18, 2014

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, 2013. 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, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures reported in the financial statements; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the County's financial statements for the year ended December 31, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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 158 through 161.

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

### **Profile of the Government**

The County of Kalamazoo, Michigan, the ninth most populous county in the state of Michigan, encompasses an area of approximately 576 square miles with the 2013 estimated census population of 256,725, 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 2013, consists of 11 members. The County Board is responsible for establishing policies, adopting the budget, appointing committee memberships, and hiring the County Administrator/Controller and Corporation Counsel. The Administrator/Controller is responsible for carrying out the policies set forth by the County Board and overseeing the day-to-day operations of the County. The County Board is elected on a partisan basis every two years from districts of approximately the same size. The other five elected officers of the County are elected on a partisan basis serving four-year terms.

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

The annual budget serves as the foundation for the County's financial planning and control. All departments of the County are required to submit requests for appropriations to the Administrator/Controller. These requests form the basis for the development of a proposed budget. The Administrator/Controller will present to the County Board a recommended budget for consideration and deliberation. After the review is completed, a public hearing will be held at an annual meeting and the budget will be adopted. The budget is appropriated at the departmental level. The budget is prepared at the fund, department, and account level. Department directors may request transfers within fund appropriations under their administrative control. Transfers of appropriations between departments or 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 experienced declining shifts in the economy, the County has managed to collectively remain sustainable. The area has a diversified employment base adding to the strength of the local economy. 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 five years, the County property tax base has decreased. Forecasting and budgetary declines have allowed the County to proactively make budgetary decisions to minimize reactionary impacts to core services. A large percentage of County revenue comes from the state and local property taxes. With these realities in mind, budget recommendations focus on continuing the prudent, long-term fiscal policies of the Board of Commissioners, supporting mandated and essential services, and protecting the public safety and welfare.

**Long Term Financial Planning.** The County completes a ten-year analysis during each budget cycle and updates them frequently to ensure that budgetary impacts are considered. Based on these projections and economic indicators, budget policies have been adopted to implement a base line spending reduction. The Board of Commissioners are committed to ensure long-term fiscal stability of the County. The County has operated cautiously 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 2013, the County designated 16.1% 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 2013 unrestricted, uncommitted and unassigned fund balance in comparison to revenues was 27.8%.

**Major Initiatives.** Budgetary pressures have continued to be placed on the County. Long-term pressures resulted from diminished revenue streams and long-term facility needs. In an effort to remain committed to providing essential services, a strategic initiative has been outlined and utilized. The County has created a strategic plan that is reviewed monthly to emphasize framework in the following areas: Human Services, Economic and Regional Development, Customer Service and Accountability, and Community Safety and Justice. In 2013, 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 2014.

- ***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 \$90 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 and 2013, an additional \$11 million and \$4 million was earmarked respectively, during the budget processes for those years; 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. This requirement will be adhered to in future years.

### ***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 2012. This was the fourteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A large, stylized handwritten signature in blue ink, appearing to read 'Peter M. Battani'.

Peter M. Battani  
County Administrator/Controller

A handwritten signature in blue ink, appearing to read 'Tracie L. Moored'.

Tracie L. Moored  
Director, Finance and Administrative Services

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## 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, 2013 (September 30, 2013, 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 96%, 96% and 97% 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.

### *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, 2013, 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 and the Schedule of Funding Progress on pages 78 through 79 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 schedules, 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 to 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, 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 18, 2014 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 18, 2014

## 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, 2013. 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 \$185,630,106 (net position). Of this amount, \$84,287,883 (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 \$631,088.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$50,386,457, a decrease of 1,387,592 in comparison with the prior year. Approximately 43% of this total amount, \$21,669,527 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 \$21,838,815 (45.2%) of the total General Fund expenditures, not including transfers out.
- The County's total long-term obligations increased by \$198,356 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 37 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 33 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 29 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 \$185,630,106 at the close of the most recent fiscal year.

A substantial portion of the County's net position (50%) 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)**

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

<i>December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
<b>Assets:</b>						
Current and other assets	\$ 105,536,768	\$ 104,862,307	\$ 33,373,978	\$ 31,024,652	\$ 138,910,746	\$ 135,886,959
Capital assets, net of accumulated depreciation	71,368,576	69,002,637	57,449,667	59,596,706	128,818,243	128,599,343
<b>Total Assets</b>	<b>\$ 176,905,344</b>	<b>\$ 173,864,944</b>	<b>\$ 90,823,645</b>	<b>\$ 90,621,358</b>	<b>\$ 267,728,989</b>	<b>\$ 264,486,302</b>
<b>Deferred Outflows of Resources</b>						
	\$ -	\$ -	\$ 477,105	\$ 510,391	\$ 477,105	\$ 510,391
<b>Liabilities:</b>						
Long-term liabilities outstanding	\$ 45,910,190	\$ 45,114,102	\$ 7,356,493	\$ 7,520,000	\$ 53,266,683	\$ 52,634,102
Other liabilities	28,504,687	26,953,760	804,618	409,813	29,309,305	27,363,573
<b>Total Liabilities</b>	<b>74,414,877</b>	<b>72,067,862</b>	<b>8,161,111</b>	<b>7,929,813</b>	<b>82,575,988</b>	<b>79,997,675</b>
<b>Net Position:</b>						
Net investment in capital assets	43,130,177	39,987,637	50,504,667	52,076,706	93,634,844	92,064,343
Restricted	7,707,379	8,005,017	-	-	7,707,379	8,005,017
Unrestricted	51,652,911	53,804,428	32,634,972	31,125,230	84,287,883	84,929,658
<b>Total Net Position</b>	<b>\$ 102,490,467</b>	<b>\$ 101,797,082</b>	<b>\$ 83,139,639</b>	<b>\$ 83,201,936</b>	<b>\$ 185,630,106</b>	<b>\$ 184,999,018</b>

An additional portion of the County's net position (42%) 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 decreased by \$297,638 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 \$84,287,883 (45%) 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**

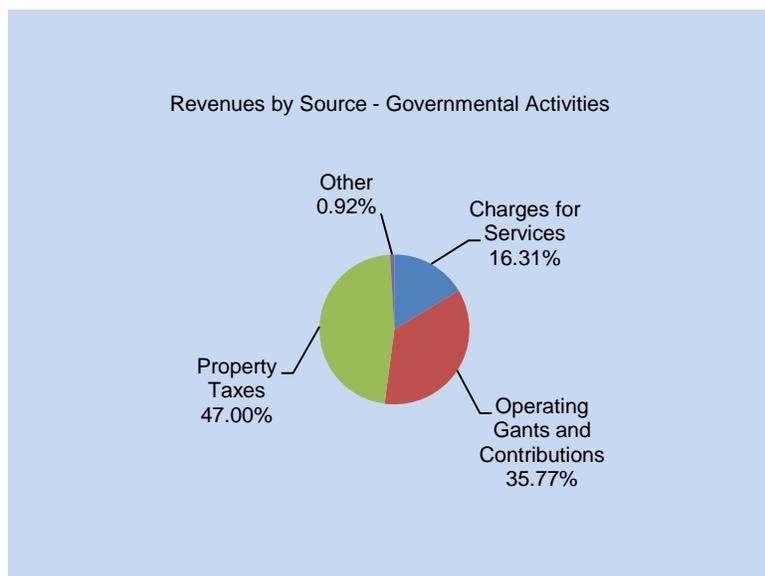
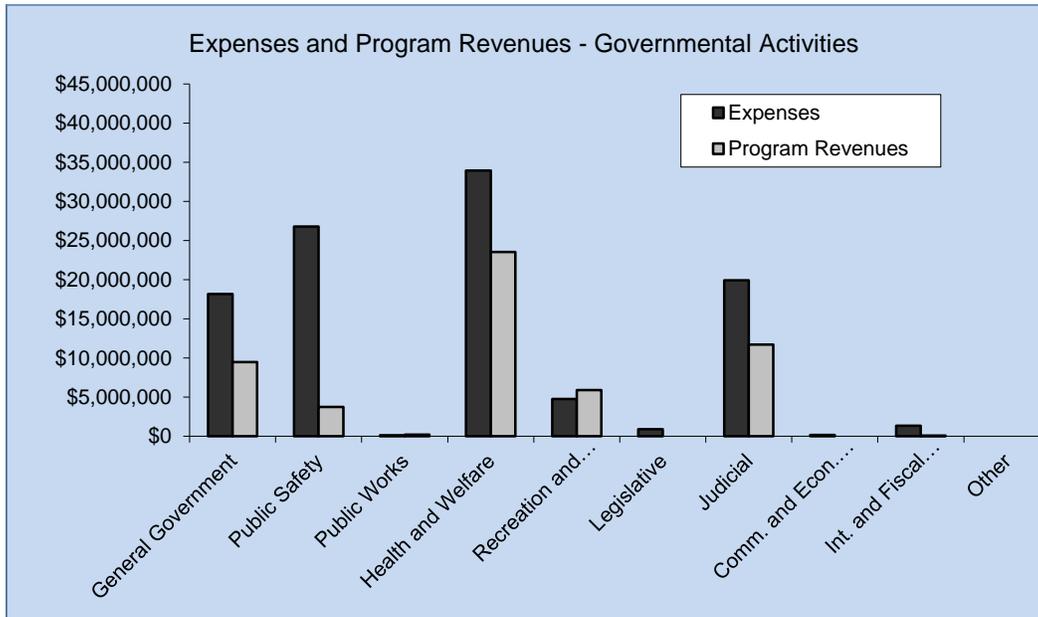
<i>Year Ended December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 17,120,471	\$ 17,308,649	\$ 9,021,643	\$ 8,013,213	\$ 26,142,114	\$ 25,321,862
Operating grants and contributions	37,540,149	40,244,963	127,989	528,096	37,668,138	40,773,059
Capital grants and contributions	-	-	640,768	1,066,540	640,768	1,066,540
<b>General revenues:</b>						
Property taxes	49,321,723	47,231,113	-	-	49,321,723	47,231,113
Other Unrestricted investment earnings	651,375	384,078	-	-	651,375	384,078
	311,871	1,131,111	22,464	22,247	334,335	1,153,358
<b>Total Revenues</b>	<b>104,945,589</b>	<b>106,299,914</b>	<b>9,812,864</b>	<b>9,630,096</b>	<b>114,758,453</b>	<b>115,930,010</b>
<b>Expenses:</b>						
General government	18,178,504	16,560,972	-	-	18,178,504	16,560,972
Public safety	26,770,373	25,317,944	-	-	26,770,373	25,317,944
Public works	118,527	79,790	-	-	118,527	79,790
Health and welfare	33,943,631	36,491,664	-	-	33,943,631	36,491,664
Recreation and culture	4,746,386	4,241,319	-	-	4,746,386	4,241,319
Legislative	915,035	973,686	-	-	915,035	973,686
Judicial	19,913,091	19,273,929	-	-	19,913,091	19,273,929
Community Economic Development	162,897	61,191	-	-	162,897	61,191
Interest and fiscal charges	1,334,369	1,396,053	-	-	1,334,369	1,396,053
Tax reversion	-	-	812,633	666,526	812,633	666,526
Airport operations	-	-	7,231,919	7,437,568	7,231,919	7,437,568
<b>Total Expenses</b>	<b>106,082,813</b>	<b>104,396,548</b>	<b>8,044,552</b>	<b>8,104,094</b>	<b>114,127,365</b>	<b>112,500,642</b>
<b>Increase (Decrease) in Net Position</b>						
Before Transfers	(1,137,224)	1,903,366	1,768,312	1,526,002	631,088	3,429,368
Transfers In (Out)	1,830,609	1,625,000	(1,830,609)	(1,625,000)	-	-
<b>Change in Net Position</b>	<b>693,385</b>	<b>3,528,366</b>	<b>(62,297)</b>	<b>(98,998)</b>	<b>631,088</b>	<b>3,429,368</b>
<b>Net Position,</b>						
beginning of year	101,797,082	98,268,716	83,201,936	83,300,934	184,999,018	181,569,650
<b>Net Position, end of year</b>	<b>\$ 102,490,467</b>	<b>\$ 101,797,082</b>	<b>\$ 83,139,639</b>	<b>\$ 83,201,936</b>	<b>\$ 185,630,106</b>	<b>\$ 184,999,018</b>

# County of Kalamazoo, Michigan

## Management Discussion and Analysis (Continued)

The County's net position increased by \$631,088 during the current fiscal year, offset by 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 \$693,385. This increase represents the planned used of fund balances for capital expenditures offset by 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.



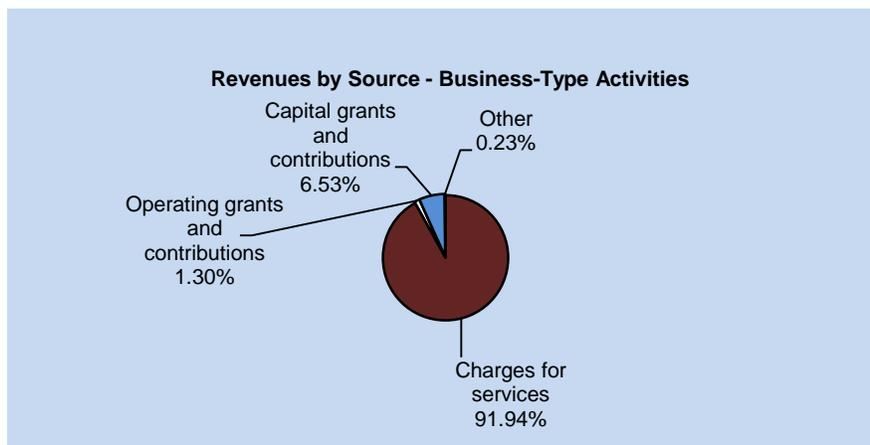
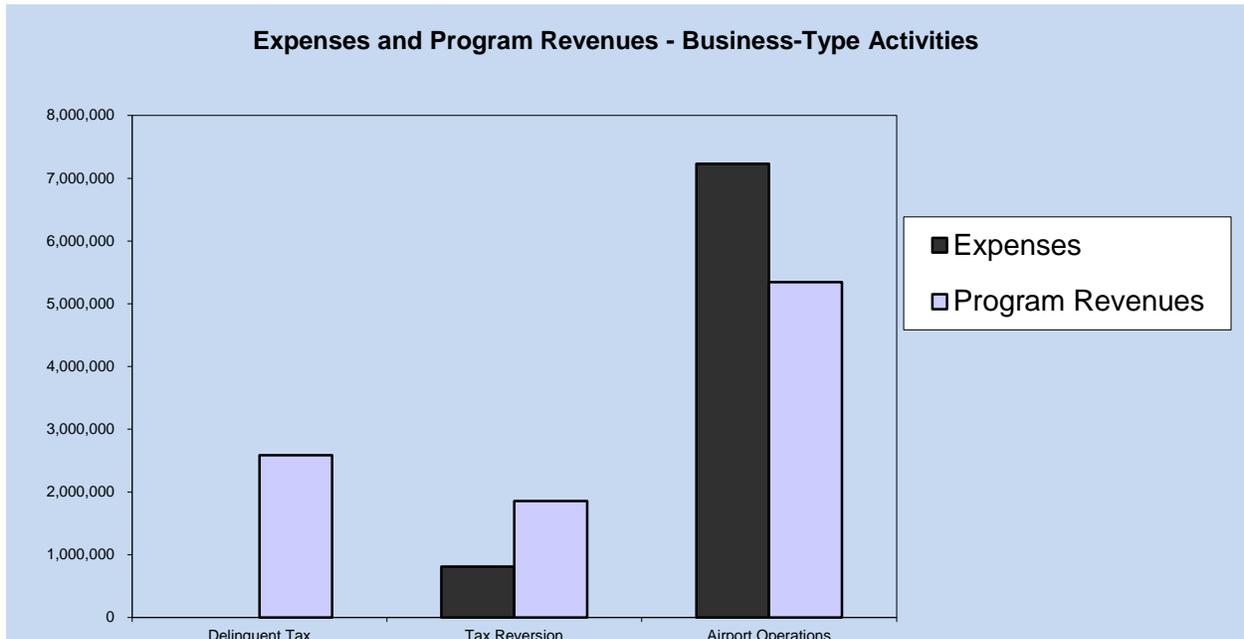
# County of Kalamazoo, Michigan

## 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 \$62,297. The key elements of this decrease consists of the following:

- The Airport operations resulted in \$1.8 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 \$798,135. This is a result of the collections of penalties, interest, and collection fees, as well as minimal associated expenses.
- The Tax Reversion Fund saw an increase in net position in the amount of \$934,003. This is a result of the higher than expected proceeds from the sale of foreclosed property.



# 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, one of the largest components of fund balance, at 40.29% of total, is at \$20.3 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 \$16.5 million for new buildings and renovations outlined in our Facilities Master Plan and \$3.8 million in the General Fund for the County's capital equipment needs.

Restricted fund balances make up approximately \$7.7 million (15.23%) 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 \$4.8 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 .03% of total fund balance with spending constrained by the Board of County Commissioners. Assignments include \$329,500 in the General Fund for an appropriation of the existing fund balance for the 2014 budget.

Unassigned fund balance represents the General Fund remaining fund balance and the deficit balance in the special revenue funds resulting from the classification of prepaid and inventory as non-spendable. The General Fund unassigned fund balance is available to support general operations of the fund. The unassigned amount represents 43.1% 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 \$21,838,815, while total fund balance amounted to \$28,685,578. 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 39% of total General Fund expenditures and transfers out, while total fund balance represents 51% of that same amount.

The fund balance of the County's General Fund increased by \$819,574 during the current fiscal year. The key factor in this change is the rate that the revenues outpaced the operating expenditures.

# 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 \$319,044. The fund balance of the County's Law Enforcement Fund decreased by \$509,110 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 a minor change in fund balance, decreasing by \$11,265.

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 2013 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 \$1,909,128 due to the construction payments for the expanded jail and the start-up of the implementation of the Facilities Master Plan bringing the total in the fund to \$16,478,654.

**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 \$5,384,086. The net position for the Delinquent Tax Revolving Fund amounted to \$25,010,465 and the net position for the Tax Reversion Fund totaled \$2,101,198. The Airport Fund had a total decrease in net position of \$1,788,966, the Delinquent Tax Revolving Fund experienced an increase in net position of \$798,135 and the Tax Reversion Fund saw an increase in net position in the amount of \$934,003. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type activities.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget revenues were an increase of \$524,400 and differences between the original budget and the final amended budget expenditures were \$2,257,700 or a 4.37% increase in appropriations and are briefly summarized as follows:

- \$275,200 increase in intergovernmental revenues primarily from the State distribution of the Tri-County Convention Facilities Tax and State-Wide Liquor Tax.
- \$270,000 increase in charges for services for the County Clerk/Register of Deeds primarily due to increases in real estate activity.
- \$1,132,900 increases in capital outlay.
- The \$263,500 change in Other Sources (Uses) with increases in transfers in and decreases in transfers out due to revised projections based on actual expense.
- \$450,000 increase in economic development funding for planned projects.
- \$248,700 projected increase in use of reserves for the Drug Treatment Court.

# 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:

Charges for Services - \$373,021. This revenue variance is primarily the result of lower than projected collections in the District Court for various fees.

Fines and Forfeitures - \$307,575. This revenue shortfall is primarily the result of a decrease in collections of ordinance fines and costs in the District Court.

Interest - \$669,392. This revenue shortfall is the result of a loss on investments held by the Treasurer.

### Expenditures:

Judicial - \$252,282. This activity was under budget primarily due to planned reductions in spending by the District Court due the elimination of a judge and the closure of one of the three court locations.

General Government - \$510,992. This activity was under budget due to lower than expected costs for elections, utilities and delayed completion of a planned economic development project.

Public Safety - \$327,372. This activity was under budget primarily due to lower than anticipated costs for salary cost, delay of vehicle purchases and various inmate related expenses.

Other - \$3,854,802. This activity was under budget due to contingencies, reserves, and delays in capital projects. No events occurred to necessitate contingency or reserve expenditures or budget stabilization.

Capital Outlay - \$933,215. This favorable budget variance was primarily due to the timing in the completion of the capital projects.

Transfers Out - \$698,330. This is primarily related to the Health and the Child Care Fund 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, 2013, amounts to approximately \$128.8 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 decrease in the County's investment in capital assets for the current fiscal year was .2% (an increase of 3.4% for governmental activities and a decrease of 3.6% for business-type activities).

The major capital asset event during the current fiscal year was continued work on the Jail Improvement Project, which is scheduled for completion in 2014.

# 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>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Land	\$ 3,839	\$ 3,755	\$ 3,868	\$ 3,868	\$ 7,707	\$ 7,623
Construction in progress	24,797	19,658	1,585	999	26,382	20,657
Capital assets in progress	214	231	-	-	214	231
Intangible easements	121	121	-	-	121	121
Land improvements	7,519	8,095	16,262	17,528	23,782	25,623
Buildings and improvements	30,846	32,317	31,185	32,113	62,030	64,430
Machinery and equipment	2,741	3,297	4,550	5,089	7,290	8,386
Motor vehicles	1,291	1,529	-	-	1,291	1,529
<b>Total</b>	<b>\$ 71,368</b>	<b>\$ 69,003</b>	<b>\$ 57,450</b>	<b>\$ 59,597</b>	<b>\$ 128,818</b>	<b>\$ 128,600</b>

Additional information on the County's capital assets is found in Note 5 on Pages 61 to 64 of this report.

**Long-Term Obligations.** At the end of the current fiscal year, the County had total long-term obligations outstanding of \$53,221,224. 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>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
<b>Primary Government:</b>						
Compensated absences	\$ 3,256	\$ 3,321	\$ -	\$ -	\$ 3,256	\$ 3,321
Bonds and notes	31,544	33,319	7,311	7,909	38,855	41,228
OPEB obligation	11,110	8,474	-	-	11,110	8,474
<b>Total</b>	<b>\$ 45,910</b>	<b>\$ 45,114</b>	<b>\$ 7,311</b>	<b>\$ 7,909</b>	<b>\$ 53,221</b>	<b>\$ 53,023</b>

The County's total obligation increased by roughly \$198,000 or .04% during the current fiscal year. Decreases in compensated absences and in bonds were offset by an increase in the OPEB obligation.

# 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 \$842,566,379, 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 65 to 67.

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

- The unemployment rate for the County, as of April, 2014, is currently 6.3%, which is an increase in the rate from a year ago. This compares favorably to the state's average unemployment rate of 8.0% and is lower than the national average rate of 6.7%.
- Inflationary trends in the region compare favorably to national indices.
- Property values increased by 1.17% in 2014.

These factors were considered in preparing and monitoring the County's budget for the 2014 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund is \$21,838,815. The County has an assigned amount of \$329,500 for spending in the 2014 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 2014 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

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## Government-Wide Financial Statements

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

<i>December 31, 2013</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	\$ 18,688,234	\$ 11,594,032	\$ 30,282,266	\$ 16,069,030
Investments	63,449,610	9,386,373	72,835,983	12,843,853
Receivables:				
Accounts	3,543,759	1,708,774	5,252,533	4,013,078
Taxes, current	11,295,436	-	11,295,436	-
Taxes, delinquent	305,178	8,697,857	9,003,035	-
Interest	275,906	1,704,475	1,980,381	-
Loans	107,145	-	107,145	-
Intergovernmental	6,802,385	-	6,802,385	2,706,624
Inventories	167,666	45,402	213,068	2,245,241
Prepaid expenses	342,149	119,445	461,594	872,184
Bond discount	-	45,459	45,459	-
Other assets	112,330	-	112,330	323,563
Restricted assets:				
Cash	446,970	15,622	462,592	-
Receivables	-	56,539	56,539	-
Land	3,838,956	3,868,097	7,707,053	22,524,751
Intangible easements	121,504	-	121,504	-
Capital assets in progress	214,153	-	214,153	-
Construction in progress	24,797,269	1,584,721	26,381,990	-
Capital assets, net of accumulated depreciation	42,396,694	51,996,849	94,393,543	98,680,075
<b>Total Assets</b>	<b>\$ 176,905,344</b>	<b>\$ 90,823,645</b>	<b>\$ 267,728,989</b>	<b>\$ 160,278,399</b>
Deferred Outflows of Resources -				
Loss on airport refunding bonds	\$ -	\$ 477,105	\$ 477,105	\$ -

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

<i>December 31, 2013</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	\$ 20,600,825	\$ -	\$ 20,600,825	\$ 109,380
Accounts payable	2,068,568	596,109	2,664,677	7,259,805
Retainage payable	445,366	-	445,366	-
Accrued liabilities	2,140,642	124,687	2,265,329	2,792,406
Interest payable	334,818	37,271	372,089	-
Intergovernmental payable	940,879	15,302	956,181	4,544,849
Liability for estimated claims	1,096,895	-	1,096,895	-
Other payables	222,161	14,530	236,691	-
Unearned revenue	654,533	16,719	671,252	2,453,361
<b>Noncurrent liabilities:</b>				
Due within one year	2,612,187	525,000	3,137,187	1,151,919
Due in more than one year	43,298,003	6,831,493	50,129,496	180,000
<b>Total Liabilities</b>	<b>74,414,877</b>	<b>8,161,111</b>	<b>82,575,988</b>	<b>18,491,720</b>
<b>Net Position:</b>				
Net investment in capital assets	43,130,177	50,504,667	93,634,844	121,204,826
<b>Restricted:</b>				
Budget Stabilization	2,500,000	-	2,500,000	-
KCLBA	-	-	-	1,811,469
KCMHSAS	-	-	-	3,382,627
<b>Special Revenue Grants:</b>				
Law Enforcement	320,044	-	320,044	-
Health	22,954	-	22,954	-
Other	4,864,381	-	4,864,381	-
Unrestricted	51,652,911	32,634,972	84,287,883	15,387,757
<b>Total Net Position</b>	<b>\$ 102,490,467</b>	<b>\$ 83,139,639</b>	<b>\$ 185,630,106</b>	<b>\$ 141,786,679</b>

*See accompanying notes to basic financial statements.*

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

<i>Year Ended December 31, 2013</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	\$ 18,178,504	\$ 5,264,150	\$ 4,210,224	\$ -
Public safety	26,770,373	2,189,115	1,573,156	-
Public works	118,527	112,768	118,350	-
Health and welfare	33,943,631	1,699,642	21,826,508	-
Recreation and culture	4,746,386	3,331,511	2,551,873	-
Legislative	915,035	-	-	-
Judicial	19,913,091	4,523,285	7,179,923	-
Community Economic Development	162,897	-	80,115	-
Interest and fiscal charges	1,334,369	-	-	-
<b>Total governmental activities</b>	<b>106,082,813</b>	<b>17,120,471</b>	<b>37,540,149</b>	<b>-</b>
Business-type activities:				
Delinquent tax	-	2,586,938	-	-
Tax reversion	812,633	1,856,636	-	-
Airport operations	7,231,919	4,578,069	127,989	640,768
<b>Total business-type activities</b>	<b>8,044,552</b>	<b>9,021,643</b>	<b>127,989</b>	<b>640,768</b>
<b>Total Primary Government</b>	<b>\$ 114,127,365</b>	<b>\$ 26,142,114</b>	<b>\$ 37,668,138</b>	<b>\$ 640,768</b>
<b>Component Units:</b>				
Kalamazoo County Land Bank Authority	\$ 4,507,622	\$ 43,850	\$ 2,181,894	\$ 93,047
Road Commission	17,940,528	1,020,571	13,150,110	3,344,100
Kalamazoo Community Mental Health and Substance Abuse Services	126,778,651	2,803,290	121,402,765	-
Other	5,809,394	(134,035)	777,865	-
<b>Total Component Units</b>	<b>\$ 155,036,195</b>	<b>\$ 3,733,676</b>	<b>\$ 137,512,634</b>	<b>\$ 3,437,147</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>
\$ (8,704,130)	\$ -	\$ (8,704,130)	\$ -
(23,008,102)	-	(23,008,102)	-
112,591	-	112,591	-
(10,417,481)	-	(10,417,481)	-
1,136,998	-	1,136,998	-
(915,035)	-	(915,035)	-
(8,209,883)	-	(8,209,883)	-
(82,782)	-	(82,782)	-
(1,334,369)	-	(1,334,369)	-
(51,422,193)	-	(51,422,193)	-
-	2,586,938	2,586,938	-
-	1,044,003	1,044,003	-
-	(1,885,093)	(1,885,093)	-
-	1,745,848	1,745,848	-
(51,422,193)	1,745,848	(49,676,345)	-
-	-	-	(2,188,831)
-	-	-	(425,747)
-	-	-	(2,572,596)
-	-	-	(5,165,564)
-	-	-	(10,352,738)
49,321,723	-	49,321,723	-
651,375	-	651,375	6,430,176
311,871	22,464	334,335	77,112
50,284,969	22,464	50,307,433	6,507,288
1,830,609	(1,830,609)	-	-
52,115,578	(1,808,145)	50,307,433	6,507,288
693,385	(62,297)	631,088	(3,845,450)
101,797,082	83,201,936	184,999,018	145,632,129
\$ 102,490,467	\$ 83,139,639	\$ 185,630,106	\$ 141,786,679

*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, 2013</i>	<i>Special Revenue</i>			<i>General County</i>	<i>Other</i>	<i>Total</i>
	<i>General</i>	<i>Law Enforcement</i>	<i>Health</i>	<i>Public Improvement Fund</i>	<i>Governmental Funds</i>	<i>Governmental Funds</i>
<b>Assets:</b>						
Cash	\$ 515,869	\$ -	\$ -	\$ 10,922,201	\$ 4,866,134	\$ 16,304,204
Restricted cash	-	-	-	446,970	-	446,970
Investments	46,288,239	2,792,147	-	5,710,273	806,801	55,597,460
<b>Receivables:</b>						
Accounts	182,182	90,607	1,063,693	-	270,244	1,606,726
Taxes, current	1,725,707	9,569,729	-	-	1,522,488	12,817,924
Taxes, delinquent	166,018	139,160	-	-	7,763	312,941
Interest	203,126	12,700	-	38,408	-	254,234
Loans receivable	107,145	-	-	-	-	107,145
Due from other government units	704,847	-	14,386	-	2,743,152	3,462,385
Prepaid expenditures	126,788	1,000	62,395	-	-	190,183
Inventories	31,091	-	31,048	-	-	62,139
Advances to other funds	171,080	-	-	-	-	171,080
Prepays	-	-	-	-	112,330	112,330
<b>Total Assets</b>	<b>\$ 50,222,092</b>	<b>\$ 12,605,343</b>	<b>\$ 1,171,522</b>	<b>\$ 17,117,852</b>	<b>\$ 10,328,912</b>	<b>\$ 91,445,721</b>

# County of Kalamazoo, Michigan

## Governmental Funds Balance Sheets

December 31, 2013	<i>Special Revenue</i>			<i>General County</i>		<i>Total Governmental Funds</i>
	<i>General</i>	<i>Law Enforcement</i>	<i>Health</i>	<i>Public Improvement Fund</i>	<i>Other Governmental Funds</i>	
<b>Liabilities:</b>						
Checks issued against						
future deposits	\$ 18,046,562	\$ 412,936	\$ 385,387	\$ -	\$ 1,755,940	\$ 20,600,825
Accounts payable	28,226	98,127	434,883	193,832	750,881	1,505,949
Retainage payable	-	-	-	445,366	-	445,366
Accrued liabilities	977,876	335,600	134,454	-	451,943	1,899,873
Liability for						
estimated claims	266,736	-	-	-	-	266,736
Due to other						
governmental units	772,289	-	660	-	56,767	829,716
Other payables	167,038	-	7,549	-	-	174,587
Advances						
from other funds	-	-	-	-	171,080	171,080
Unearned revenue	1,277,787	-	185,635	-	453,948	1,917,370
<b>Total Liabilities</b>	<b>21,536,514</b>	<b>846,663</b>	<b>1,148,568</b>	<b>639,198</b>	<b>3,640,559</b>	<b>27,811,502</b>
<b>Deferred Inflows of Resources:</b>						
Levied property taxes	-	11,438,636	-	-	-	11,438,636
Debt levy	-	-	-	-	1,809,126	1,809,126
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>11,438,636</b>	<b>-</b>	<b>-</b>	<b>1,809,126</b>	<b>13,247,762</b>
<b>Fund Balance:</b>						
Non-spendable	157,879	1,000	93,443	-	112,330	364,652
Restricted for:						
Budget Stabilization	2,500,000	-	-	-	-	2,500,000
Special Revenue Grants	-	-	-	-	4,534,629	4,534,629
Law Enforcement	-	318,180	-	-	-	318,180
Debt Service	-	-	-	-	285,210	285,210
Capital Projects	-	-	-	-	28,811	28,811
Committed	3,859,384	864	2,200	16,478,654	14,846	20,355,948
Assigned to:						
Subsequent year's budget						
appropriation of fund balance	329,500	-	-	-	-	329,500
Unassigned	21,838,815	-	(72,689)	-	(96,599)	21,669,527
<b>Total Fund Balance</b>	<b>\$ 28,685,578</b>	<b>\$ 320,044</b>	<b>\$ 22,954</b>	<b>\$ 16,478,654</b>	<b>\$ 4,879,227</b>	<b>\$ 50,386,457</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, 2013</i>	<i>Amount</i>
Total Fund Balance - Total governmental funds (from Page 26)	\$ 50,386,457
 <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	109,464,894
Accumulated depreciation	<u>(38,752,763)</u>
Net capital assets	70,712,131
 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	14,525,549
Intergovernmental receivable	3,340,000
Bond discount	142,928
 Internal Service Funds are used by management to charge the costs of certain activities such as Employee Benefits, Nazareth Facility, 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.	
	9,771,338
 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, 2013, were:	
Bonds payable	(31,595,000)
Net OPEB obligation	(11,109,641)
Compensated absences	(3,256,482)
Bond premium	(91,995)
Accrued interest on bonds	(334,818)
<b>Net Position of Governmental Activities</b>	<b>\$102,490,467</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, 2013	<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	\$ 36,307,655	\$ 11,224,748	\$ -	\$ -	\$ 4,201,470	\$ 51,733,873
Licenses and permits	644,255	-	406,018	-	-	1,050,273
Intergovernmental	10,363,971	-	1,460,732	-	25,459,527	37,284,230
Charges for services	6,507,079	-	1,486,586	-	1,949,725	9,943,390
Fines and forfeitures	1,514,425	70,000	-	-	-	1,584,425
Interest	538,908	(79,853)	-	(156,807)	9,623	311,871
Other	1,008,951	-	104	66,454	246,121	1,321,630
Donations and contributions	5,623	-	5,723	-	910,231	921,577
<b>Total Revenues</b>	<b>56,890,867</b>	<b>11,214,895</b>	<b>3,359,163</b>	<b>(90,353)</b>	<b>32,776,697</b>	<b>104,151,269</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	11,497,808	1,778,768	-	-	-	13,276,576
Public safety	15,976,928	7,881,833	-	-	1,484,182	25,342,943
Public works	-	-	-	-	118,528	118,528
Health and welfare	5,103,952	-	5,110,682	-	23,255,641	33,470,275
Recreation and culture	297,682	-	-	-	3,633,134	3,930,816
Legislative	915,035	-	-	-	-	915,035
Judicial	12,109,018	1,545,199	-	-	4,786,062	18,440,279
Other	1,113,498	-	-	-	285,826	1,399,324
Community Economic Development	-	-	-	-	162,897	162,897
<b>Debt service:</b>						
Principal	-	-	-	-	1,755,000	1,755,000
Interest and other charges	-	-	-	-	1,367,857	1,367,857
Capital outlay	949,685	293,622	-	5,719,675	227,951	7,190,933
<b>Total Expenditures</b>	<b>47,963,606</b>	<b>11,499,422</b>	<b>5,110,682</b>	<b>5,719,675</b>	<b>37,077,078</b>	<b>107,370,463</b>
<b>Excess (Deficiency) of</b>						
Revenues Over Expenditures	8,927,261	(284,527)	(1,751,519)	(5,810,028)	(4,300,381)	(3,219,194)
<b>Other Financing Sources (Uses):</b>						
Transfers in	2,134,183	-	1,740,254	3,900,900	5,176,768	12,952,105
Transfers out	(10,241,870)	(224,583)	-	-	(654,050)	(11,120,503)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,107,687)</b>	<b>(224,583)</b>	<b>1,740,254</b>	<b>3,900,900</b>	<b>4,522,718</b>	<b>1,831,602</b>
<b>Net Change in Fund Balance</b>	<b>819,574</b>	<b>(509,110)</b>	<b>(11,265)</b>	<b>(1,909,128)</b>	<b>222,337</b>	<b>(1,387,592)</b>
<b>Fund Balance, beginning 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>
<b>Fund Balance, end of year</b>	<b>\$ 28,685,578</b>	<b>\$ 320,044</b>	<b>\$ 22,954</b>	<b>\$ 16,478,654</b>	<b>\$ 4,879,227</b>	<b>\$ 50,386,457</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, 2013</i>	<i>Amount</i>
Net Change in Fund Balance - Total governmental funds (from Page 28)	\$ (1,387,592)
 <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.	2,716,255
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unearned taxes	1,789,320
Intergovernmental receivable	(995,000)
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:	
Repayments	1,755,000
Bond premium amortization	27,391
Bond discount amortization	(7,589)
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	13,686
Compensated absences	64,331
Loss on disposal of asset	(236,688)
Net OPEB obligation	(2,635,221)
Bond issuance costs	(242,832)
Internal Service Funds are used by management to charge the costs of certain activities, such as Employee Benefits, Nazareth Facility, Central Stores, and Technology Systems to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.	(167,676)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 693,385</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, 2013</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Taxes	\$36,176,900	\$36,176,900	\$36,307,655	\$ 130,755
Licenses and permits	552,000	577,000	644,255	67,255
Intergovernmental	10,040,900	10,316,100	10,363,971	47,871
Charges for services	6,610,100	6,880,100	6,507,079	(373,021)
Fines and forfeitures	1,827,000	1,822,000	1,514,425	(307,575)
Interest	1,204,400	1,208,300	538,908	(669,392)
Other	3,711,700	3,666,400	1,008,951	(2,657,449)
Donations and contributions	5,500	6,100	5,623	(477)
<b>Total Revenues</b>	<b>60,128,500</b>	<b>60,652,900</b>	<b>56,890,867</b>	<b>(3,762,033)</b>
<b>Expenditures:</b>				
Current:				
General government	11,808,000	12,008,800	11,497,808	510,992
Public safety	16,529,200	16,304,300	15,976,928	327,372
Health and welfare	5,006,800	5,141,100	5,103,952	37,148
Recreation and culture	300,100	300,800	297,682	3,118
Legislative	930,400	930,600	915,035	15,565
Judicial	12,705,800	12,361,300	12,109,018	252,282
Other	3,610,100	4,968,300	1,113,498	3,854,802
Capital outlay	750,000	1,882,900	949,685	933,215
<b>Total Expenditures</b>	<b>51,640,400</b>	<b>53,898,100</b>	<b>47,963,606</b>	<b>5,934,494</b>
<b>Excess of Revenues Over Expenditures</b>	<b>8,488,100</b>	<b>6,754,800</b>	<b>8,927,261</b>	<b>2,172,461</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,131,200	2,132,400	2,134,183	1,783
Transfers out	(11,202,500)	(10,940,200)	(10,241,870)	698,330
<b>Total Other Financing Uses</b>	<b>(9,071,300)</b>	<b>(8,807,800)</b>	<b>(8,107,687)</b>	<b>700,113</b>
<b>Net Change in Fund Balance</b>	<b>(583,200)</b>	<b>(2,053,000)</b>	<b>819,574</b>	<b>2,872,574</b>
<b>Fund Balance, beginning of year</b>	<b>27,866,004</b>	<b>27,866,004</b>	<b>27,866,004</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$27,282,804</b>	<b>\$25,813,004</b>	<b>\$28,685,578</b>	<b>\$ 2,872,574</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, 2013</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	\$11,203,800	\$11,203,800	\$11,224,748	\$ 20,948
Fines and forfeitures	70,000	70,000	70,000	-
Charges for services	-	-	-	-
Interest	-	-	(79,853)	(79,853)
<b>Total Revenues</b>	<b>11,273,800</b>	<b>11,273,800</b>	<b>11,214,895</b>	<b>(58,905)</b>
<b>Expenditures -</b>				
Judicial:				
Circuit Court - Trial Division	527,900	508,800	505,132	3,668
Circuit Court - Family Division	556,800	526,800	523,404	3,396
District Court	499,200	518,600	516,663	1,937
<b>Total Judicial</b>	<b>1,583,900</b>	<b>1,554,200</b>	<b>1,545,199</b>	<b>9,001</b>
General Government - Prosecuting Attorney	1,878,600	1,775,000	1,778,768	(3,768)
Public Safety:				
Community Corrections	11,000	11,000	12,143	(1,143)
Sheriff - Admin/Support	335,900	335,800	544,978	(209,178)
Sheriff - Jail	4,892,800	4,875,400	4,599,268	276,132
Sheriff - Field Operations	2,254,800	2,129,000	2,361,197	(232,197)
Animal Services and Enforcement	367,100	377,500	364,247	13,253
<b>Total Public Safety</b>	<b>7,861,600</b>	<b>7,728,700</b>	<b>7,881,833</b>	<b>(153,133)</b>
Capital Outlay	200,000	476,200	293,622	182,578
<b>Total Expenditures</b>	<b>11,524,100</b>	<b>11,534,100</b>	<b>11,499,422</b>	<b>34,678</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(250,300)</b>	<b>(260,300)</b>	<b>(284,527)</b>	<b>(24,227)</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)	(22,400)	(22,383)	17
<b>Total Other Financing Uses</b>	<b>(207,200)</b>	<b>(224,600)</b>	<b>(224,583)</b>	<b>17</b>
<b>Net Change in Fund Balance</b>	<b>(457,500)</b>	<b>(484,900)</b>	<b>(509,110)</b>	<b>(24,210)</b>
<b>Fund Balance, beginning of year</b>	<b>829,154</b>	<b>829,154</b>	<b>829,154</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 371,654</b>	<b>\$ 344,254</b>	<b>\$ 320,044</b>	<b>\$ (24,210)</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, 2013</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	\$ 96,500	\$ 123,700	\$ 270,316	\$ 146,616
State Grants	1,327,300	1,339,800	1,190,557	(149,243)
Local unit contributions	100	100	(141)	(241)
Donations and contributions	2,000	6,900	5,723	(1,177)
Charges for services	1,603,000	1,369,000	1,486,586	117,586
Licenses and permits	374,500	404,300	406,018	1,718
Other revenues	-	29,100	104	(28,996)
<b>Total Revenues</b>	<b>3,403,400</b>	<b>3,272,900</b>	<b>3,359,163</b>	<b>86,263</b>
<b>Expenditures -</b>				
Health and welfare	5,655,800	5,195,400	5,110,682	84,718
<b>Total Expenditures</b>	<b>5,655,800</b>	<b>5,195,400</b>	<b>5,110,682</b>	<b>84,718</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(2,252,400)</b>	<b>(1,922,500)</b>	<b>(1,751,519)</b>	<b>170,981</b>
<b>Other Financing Sources -</b>				
Transfers in:				
General Fund	2,252,400	1,896,500	1,740,254	(156,246)
Family Planning	-	26,000	-	(26,000)
<b>Total Other Financing Sources</b>	<b>2,252,400</b>	<b>1,922,500</b>	<b>1,740,254</b>	<b>(182,246)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(11,265)</b>	<b>(11,265)</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>\$ 22,954</b>	<b>\$ (11,265)</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Proprietary Funds Statement of Net Position

<i>Business-Type Activities - Enterprise Funds</i>					
<i>December 31, 2013</i>	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Tax Reversion</i>	<i>Total</i>	<i>Governmental Activities - Internal Service Funds</i>
<b>Assets:</b>					
Current assets:					
Cash	\$ 1,108,253	\$ 8,771,132	\$ 1,714,647	\$ 11,594,032	\$ 2,384,030
Investments	4,117,211	5,269,162	-	9,386,373	7,852,150
Receivables:					
Accounts	506,889	567,839	494,823	1,569,551	546,005
Taxes, delinquent	-	8,697,857	-	8,697,857	-
Interest	-	1,704,475	-	1,704,475	21,672
Inventories	45,402	-	-	45,402	105,527
Prepaid items	119,445	-	-	119,445	151,966
<b>Total current assets</b>	<b>5,897,200</b>	<b>25,010,465</b>	<b>2,209,470</b>	<b>33,117,135</b>	<b>11,061,350</b>
Noncurrent assets:					
Restricted assets:					
Cash	15,622	-	-	15,622	-
Accounts receivable	56,539	-	-	56,539	-
Bond discount	45,459	-	-	45,459	-
Land	3,868,097	-	-	3,868,097	-
Construction in progress	1,584,721	-	-	1,584,721	-
Capital assets, net of accumulated depreciation	51,996,849	-	-	51,996,849	656,445
<b>Total noncurrent assets</b>	<b>57,567,287</b>	<b>-</b>	<b>-</b>	<b>57,567,287</b>	<b>656,445</b>
<b>Total Assets</b>	<b>\$ 63,464,487</b>	<b>\$ 25,010,465</b>	<b>\$ 2,209,470</b>	<b>\$ 90,684,422</b>	<b>\$ 11,717,795</b>
Deferred Outflows of Resources -					
Loss on airport refunding bonds	\$ 477,105	\$ -	\$ -	\$ 477,105	\$ -

# 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, 2013</i>	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Tax Reversion</i>	<i>Total</i>	
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	\$ 487,837	\$ -	\$ 108,272	\$ 596,109	\$ 674,678
Accrued liabilities	124,687	-	-	124,687	240,769
Due to state of Michigan	15,302	-	-	15,302	-
Liability for estimated claims	-	-	-	-	830,159
Deposits payable	14,530	-	-	14,530	47,574
Accrued interest	37,271	-	-	37,271	-
Unearned revenues	16,719	-	-	16,719	14,054
Current maturities of long-term debt	525,000	-	-	525,000	-
<b>Total current liabilities</b>	<b>1,221,346</b>	<b>-</b>	<b>108,272</b>	<b>1,329,618</b>	<b>1,807,234</b>
Noncurrent liabilities -					
General obligation limited tax bonds	6,831,493	-	-	6,831,493	-
<b>Total Liabilities</b>	<b>8,052,839</b>	<b>-</b>	<b>108,272</b>	<b>8,161,111</b>	<b>1,807,234</b>
<b>Net Position:</b>					
Net investment in capital assets	50,504,667	-	-	50,504,667	656,445
Unrestricted	5,384,086	25,010,465	2,101,198	32,495,749	9,254,116
<b>Total Net Position</b>	<b>\$55,888,753</b>	<b>\$25,010,465</b>	<b>\$2,101,198</b>	<b>\$83,000,416</b>	<b>\$ 9,910,561</b>
<b>Adjustment Reflecting Consolidation of Internal Service Fund Activities Related to Enterprise Funds</b>				<b>\$ 139,223</b>	
<b>Net Position of Business Type Activities</b>				<b>\$83,139,639</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, 2013	<i>Business-Type Activities - Enterprise Funds</i>				<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax</i>		<i>Total</i>	
		<i>Revolving</i>	<i>Reversion</i>		
<b>Operating Revenues:</b>					
Charges for services:					
Airport concessions	\$ 873,943	\$ -	\$ -	\$ 873,943	\$ -
Airfield maintenance	679,515	-	-	679,515	-
Airport terminal maintenance	1,090,322	-	-	1,090,322	-
Airport parking	1,359,853	-	-	1,359,853	-
Airport leases site and other income	75,622	-	-	75,622	-
Penalties and interest	-	2,067,119	-	2,067,119	-
Collection fees	-	519,819	1,856,636	2,376,455	23,276,522
Other	-	-	-	-	2,827
<b>Total Operating Revenues</b>	<b>4,079,255</b>	<b>2,586,938</b>	<b>1,856,636</b>	<b>8,522,829</b>	<b>23,279,349</b>
<b>Operating Expenses:</b>					
Airport administration	810,355	-	-	810,355	-
Airfield maintenance	1,127,370	-	-	1,127,370	-
Airport building maintenance	800,285	-	-	800,285	-
Airport parking	431,358	-	-	431,358	-
Airport security	460,273	-	-	460,273	-
Depreciation	3,265,735	-	-	3,265,735	240,983
Employee benefits	-	-	-	-	20,914,871
Other	53,571	-	812,633	866,204	2,290,178
<b>Total Operating Expenses</b>	<b>6,948,947</b>	<b>-</b>	<b>812,633</b>	<b>7,761,580</b>	<b>23,446,032</b>
<b>Operating Income (Loss)</b>	<b>(2,869,692)</b>	<b>2,586,938</b>	<b>1,044,003</b>	<b>761,249</b>	<b>(166,683)</b>
<b>Nonoperating Revenues (Expenses):</b>					
Passenger facility charges	498,814	-	-	498,814	-
Interest income	11,267	11,197	-	22,464	-
Federal revenue	127,989	-	-	127,989	-
Interest expense and charges	(277,503)	-	-	(277,503)	-
<b>Total Nonoperating Revenues</b>	<b>360,567</b>	<b>11,197</b>	<b>-</b>	<b>371,764</b>	<b>-</b>
<b>Income (Loss) Before</b>					
Contributions and Transfers	(2,509,125)	2,598,135	1,044,003	1,133,013	(166,683)
Capital Contributions Received	640,768	-	-	640,768	-
Transfers In (Out)	79,391	(1,800,000)	(110,000)	(1,830,609)	(993)
<b>Change in Net Position</b>	<b>(1,788,966)</b>	<b>798,135</b>	<b>934,003</b>	<b>(56,828)</b>	<b>(167,676)</b>
<b>Net Position, beginning 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>Net Position, end of year</b>	<b>\$ 55,888,753</b>	<b>\$25,010,465</b>	<b>\$2,101,198</b>	<b>\$ 83,000,416</b>	<b>\$ 9,910,561</b>
Change in Net Position				\$ (56,828)	
<b>Adjustment to Reflect Current Year Effect for Consolidation of Internal Service Fund Activities Related to Enterprise Funds</b>				(5,469)	
<b>Change in Net Position of Business Type Activities</b>				<b>\$ (62,297)</b>	

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2013	<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	\$ -	\$ -	\$ -	\$ -	\$ 23,282,442
Cash received from customers and users	4,121,627	3,470,759	1,752,966	9,345,352	-
Cash paid to employees	(1,019,538)	-	-	(1,019,538)	(921,037)
Cash paid for interfund services used	(429,492)	-	-	(429,492)	(2,493,950)
Cash paid to suppliers	(1,959,808)	-	(740,247)	(2,700,055)	(19,670,271)
<b>Cash Provided by Operating Activities</b>	<b>712,789</b>	<b>3,470,759</b>	<b>1,012,719</b>	<b>5,196,267</b>	<b>197,184</b>
<b>Capital and Related Financing Activities:</b>					
Capital contributions	640,768	-	-	640,768	-
Passenger facility charges	498,814	-	-	498,814	-
Acquisition of capital assets	(1,118,696)	-	-	(1,118,696)	(131,826)
Principal paid on debt	(575,000)	-	-	(575,000)	-
Interest and fiscal charges paid	(262,061)	-	-	(262,061)	-
<b>Cash Used in Capital and Related Financing Activities</b>	<b>(816,175)</b>	<b>-</b>	<b>-</b>	<b>(816,175)</b>	<b>(131,826)</b>
<b>Non-Capital Financing Activities:</b>					
Cash received from other governmental units	567,433	-	-	567,433	-
Transfers to other funds	-	(1,800,000)	(110,000)	(1,910,000)	(993)
<b>Cash Provided by (Used in) Non-Capital Financing Activities</b>	<b>567,433</b>	<b>(1,800,000)</b>	<b>(110,000)</b>	<b>(1,342,567)</b>	<b>(993)</b>
<b>Investing Activities:</b>					
Sale of investments	31,668	5,580,514	-	5,612,182	-
Purchase of investments	(11,067)	(5,830,763)	-	(5,841,830)	(1,926,208)
Interest received	19,265	11,197	-	30,462	-
<b>Cash Provided by (Used In) Investing Activities</b>	<b>39,866</b>	<b>(239,052)</b>	<b>-</b>	<b>(199,186)</b>	<b>(1,926,208)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>503,913</b>	<b>1,431,707</b>	<b>902,719</b>	<b>2,838,339</b>	<b>(1,861,843)</b>
<b>Cash, beginning 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>Cash, end of year</b>	<b>\$ 1,123,875</b>	<b>\$ 8,771,132</b>	<b>\$ 1,714,647</b>	<b>\$ 11,609,654</b>	<b>\$ 2,384,030</b>
<b>Reconciliation of Cash to Statement of Net Position:</b>					
Cash	\$ 1,108,253	\$ 8,771,132	\$ 1,714,647	\$ 11,594,032	\$ 2,384,030
Restricted cash	15,622	-	-	15,622	-
<b>Total Cash at December 31, 2013</b>	<b>\$ 1,123,875</b>	<b>\$ 8,771,132</b>	<b>\$ 1,714,647</b>	<b>\$ 11,609,654</b>	<b>\$ 2,384,030</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Proprietary Funds Statement of Cash Flows (concluded)

Year Ended December 31, 2013	<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)	\$ (2,795,806)	\$ 2,586,938	\$ 1,044,003	\$ 835,135	\$ (166,683)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation and amortization	3,265,735	-	-	3,265,735	240,983
(Increase) decrease in:					
Accounts receivable	20,783	(163,207)	(103,670)	(246,094)	(6,210)
Taxes receivable	-	852,488	-	852,488	-
Penalties and interest receivable	-	194,540	-	194,540	(6,896)
Due from state of Michigan	21,589	-	-	21,589	-
Due from other funds	-	-	-	-	16,966
Inventories	1,403	-	-	1,403	(11,413)
Prepaid items	(111,199)	-	-	(111,199)	34,964
Increase (decrease) in:					
Deposits payable	813	-	-	813	7,453
Accounts payable	311,827	-	72,386	384,213	(35,298)
Accrued expenses	(14,994)	-	-	(14,994)	4,124
Unearned revenues	12,638	-	-	12,638	14,054
Liability for estimated claims	-	-	-	-	105,140
<b>Cash Provided by Operating Activities</b>	<b>\$ 712,789</b>	<b>\$ 3,470,759</b>	<b>\$ 1,012,719</b>	<b>\$ 5,196,267</b>	<b>\$ 197,184</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Fiduciary Funds Statement of Fiduciary Net Position

<i>December 31, 2013</i>	<i>Primary Government</i>			
	<i>Trust Funds</i>			
	<i>Retiree</i>			
	<i>Health Care Trust Fund</i>	<i>Pension Trust Fund</i>	<i>Cemetery Trust Fund</i>	<i>Agency Funds</i>
<b>Assets:</b>				
Cash and money market funds	\$ 9,715,020	\$ 5,031,599	\$ 4,653	\$ 2,054,354
Receivables:				
Interest and dividends	305,439	487,368	-	-
Employer contributions	14,075	142,952	-	-
Accounts	117,735	57,449	-	555
Other assets	269,817	-	-	-
Investments, at fair value:				
Mutual funds	-	85,276,822	-	-
Common trust funds	-	60,624,995	-	-
Corporate bonds	-	14,523,931	-	-
U.S. government securities	-	23,814,098	-	-
Real estate pooled separate account	-	5,383,234	-	2,000,000
Pooled mortgages	-	7,494,006	-	-
<b>Total Assets</b>	<b>\$10,422,086</b>	<b>\$ 202,836,454</b>	<b>\$ 4,653</b>	<b>\$ 4,054,909</b>
<b>Liabilities:</b>				
Vouchers and accounts payable	\$ 16,556	\$ 1,357,991	\$ -	\$ -
Due to other governmental units	-	-	-	1,836,908
Benefits payable	134,064	822,863	-	-
Other payables	-	-	725	2,218,001
<b>Total Liabilities</b>	<b>150,620</b>	<b>2,180,854</b>	<b>725</b>	<b>4,054,909</b>
<b>Net Position -</b>				
Held in trust:				
Other post-retirement benefits	10,271,466	-	-	-
Employees' pension benefits	-	200,655,600	-	-
Individuals and organizations	-	-	3,928	-
<b>Total Net Position</b>	<b>10,271,466</b>	<b>200,655,600</b>	<b>3,928</b>	<b>-</b>
<b>Total Liabilities and Net Position</b>	<b>\$10,422,086</b>	<b>\$ 202,836,454</b>	<b>\$ 4,653</b>	<b>\$ 4,054,909</b>

*See accompanying notes to basic financial statements.*

County of Kalamazoo, Michigan

Fiduciary Funds  
Statement of Changes in Fiduciary Fund Net Position

	Primary Government		
	Trust Funds		
	Retiree Health Care Trust Fund	Pension Trust Fund	Cemetery Trust Fund
<i>Year Ended December 31, 2013</i>			
<b>Additions:</b>			
Investment income (loss):			
Interest and dividends	\$ (194,078)	\$ 1,354,836	\$ -
Income on pooled separate accounts	-	334,991	-
Income on mutual funds	-	3,877,346	-
Net appreciation in fair value of investments	-	29,540,976	-
Retiree drug subsidy	67,613	-	-
Less investment expense	-	(660,316)	-
<b>Net investment income (loss)</b>	<b>(126,465)</b>	<b>34,447,833</b>	<b>-</b>
<b>Contributions:</b>			
Employer	3,386,188	3,277,576	-
Participant	590,759	12,981	-
<b>Total contributions</b>	<b>3,976,947</b>	<b>3,290,557</b>	<b>-</b>
<b>Total Additions</b>	<b>3,850,482</b>	<b>37,738,390</b>	<b>-</b>
<b>Deductions:</b>			
Benefit payments	3,452,968	8,985,147	-
Stop loss expense	158,179	-	-
Administrative expenses	193,125	411,387	-
<b>Total Deductions</b>	<b>3,804,272</b>	<b>9,396,534</b>	<b>-</b>
<b>Change in Net Position</b>	<b>46,210</b>	<b>28,341,856</b>	<b>-</b>
<b>Net Position, beginning of year</b>	<b>10,225,256</b>	<b>172,313,744</b>	<b>3,928</b>
<b>Net Position, end of year</b>	<b>\$ 10,271,466</b>	<b>\$200,655,600</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, 2013							
	Kalamazoo Community Mental			September 30, 2013				
	Kalamazoo County Land Bank Authority	Kalamazoo County Road Commission	Health and Substance Abuse Services	At-Large Drains	Transpor- tation Authority	DHS/ Child Care Welfare	Lake Level Fund	Total
December 31, 2013								
<b>Assets:</b>								
Cash	\$ 660,656	\$ 3,005,881	\$ 8,906,074	\$ 989,924	\$ 2,474,657	\$ -	\$ 31,838	\$ 16,069,030
Investments	-	-	11,844,056	-	999,797	-	-	12,843,853
Accounts receivable	442,125	496,113	2,480,912	-	158,200	264,648	-	3,841,998
Accounts receivable - Unlevied assessments	-	-	-	163,048	-	-	8,032	171,080
Due from state of Michigan	-	2,105,723	382,448	-	-	-	-	2,488,171
Due from affiliates	-	-	-	-	-	-	-	-
Due from Providers	-	-	218,453	-	-	-	-	218,453
Inventory	1,260,496	984,745	-	-	-	-	-	2,245,241
Prepaid expenses	-	175,235	696,949	-	-	-	-	872,184
Land	-	21,799,220	725,531	-	-	-	-	22,524,751
Capital assets, net of accumulated depreciation	2,187,667	93,851,441	2,640,967	-	-	-	-	98,680,075
Other assets	8,789	273,196	41,578	-	-	-	-	323,563
<b>Total Assets</b>	<b>\$ 4,559,733</b>	<b>\$ 122,691,554</b>	<b>\$ 27,936,968</b>	<b>\$ 1,152,972</b>	<b>\$ 3,632,654</b>	<b>\$ 264,648</b>	<b>\$ 39,870</b>	<b>\$ 160,278,399</b>
<b>Liabilities:</b>								
Checks issued against future deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,380	\$ -	\$ 109,380
Accounts payable	189,500	480,946	6,466,236	4,645	11,478	107,000	-	7,259,805
Accrued liabilities	6,268	291,101	2,486,302	-	8,735	-	-	2,792,406
Due to other government unit	-	-	-	-	1,545,461	-	-	1,545,461
Due to state of Michigan	-	-	2,184,173	-	-	-	-	2,184,173
Due to providers	-	-	815,215	-	-	-	-	815,215
Unearned revenue	184,829	-	2,220,264	-	-	48,268	-	2,453,361
Noncurrent liabilities:								
Due within one year	-	-	980,839	163,048	-	-	8,032	1,151,919
Due in more than one year	180,000	-	-	-	-	-	-	180,000
<b>Total Liabilities</b>	<b>560,597</b>	<b>772,047</b>	<b>15,153,029</b>	<b>167,693</b>	<b>1,565,674</b>	<b>264,648</b>	<b>8,032</b>	<b>18,491,720</b>
<b>Net Position:</b>								
Net investment in capital assets	2,187,667	115,650,661	3,366,498	-	-	-	-	121,204,826
Restricted	1,811,469	-	3,382,627	-	-	-	-	5,194,096
Unrestricted	-	6,268,846	6,034,814	985,279	2,066,980	-	31,838	15,387,757
<b>Total Net Position</b>	<b>3,999,136</b>	<b>121,919,507</b>	<b>12,783,939</b>	<b>985,279</b>	<b>2,066,980</b>	<b>-</b>	<b>31,838</b>	<b>141,786,679</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 4,559,733</b>	<b>\$ 122,691,554</b>	<b>\$ 27,936,968</b>	<b>\$ 1,152,972</b>	<b>\$ 3,632,654</b>	<b>\$ 264,648</b>	<b>\$ 39,870</b>	<b>\$ 160,278,399</b>

*See accompanying notes to basic financial statements.*

# County of Kalamazoo, Michigan

## Component Units Combining Statement of Activities

<i>Year Ended December 31, 2013</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>Component Units:</b>				
Kalamazoo County Land Bank Authority	\$ 4,507,622	\$ 43,850	\$ 2,181,894	\$ 93,047
Road Commission - Highways and Streets	17,940,528	1,020,571	13,150,110	3,344,100
Kalamazoo Community Mental Health and Substance Abuse Services - September 30, 2013 Health and Welfare	126,778,651	2,803,290	121,402,765	-
At-Large Drains	178,832	-	-	-
Transportation Authority - September 30, 2013	3,538,881	-	-	-
DHS/Child Care Welfare	2,083,830	(134,035)	777,865	-
Lake Level Fund	7,851	-	-	-
<b>Total Component Units</b>	<b>\$155,036,195</b>	<b>\$3,733,676</b>	<b>\$137,512,634</b>	<b>\$ 3,437,147</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>Transpor- tation Authority</i>	<i>DHS/ Child Care Welfare</i>	<i>Lake Level Fund</i>	<i>Total</i>
\$ (2,188,831)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,188,831)
-	(425,747)	-	-	-	-	-	(425,747)
-	-	(2,572,596)	-	-	-	-	(2,572,596)
-	-	-	(178,832)	-	-	-	(178,832)
-	-	-	-	(3,538,881)	-	-	(3,538,881)
-	-	-	-	-	(1,440,000)	-	(1,440,000)
-	-	-	-	-	-	(7,851)	(7,851)
(2,188,831)	(425,747)	(2,572,596)	(178,832)	(3,538,881)	(1,440,000)	(7,851)	(10,352,738)
265	-	69,744	521	6,582	-	-	77,112
150,000	21,440	1,585,892	135,612	3,057,543	1,440,000	39,689	6,430,176
150,265	21,440	1,655,636	136,133	3,064,125	1,440,000	39,689	6,507,288
(2,038,566)	(404,307)	(916,960)	(42,699)	(474,756)	-	31,838	(3,845,450)
6,037,702	122,323,814	13,700,899	1,027,978	2,541,736	-	-	145,632,129
\$ 3,999,136	\$ 121,919,507	\$ 12,783,939	\$ 985,279	\$ 2,066,980	\$ -	\$ 31,838	\$ 141,786,679

*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 11 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.

### 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 Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS) and the Kalamazoo County Transportation Authority (the Authority), which have September 30 year-ends to be consistent with the fiscal period of their grantor agencies.

#### *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 five-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 2013 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 started 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. The General fund also reports \$2,500,000 in fund balance for stabilization arrangements established by the County Board of Commissioners. Per Public Act 30 of 1978, these funds may only be utilized during the budget process to prevent a reduction in the level of public service provided, or prevent a reduction in the number of employees providing these services. It can also be used due to a natural disaster. A 2/3 vote is required for utilization. Per budget policy, the release of these funds must accompany a pay-back plan. Per the Public Act, the amount of money in the fund shall not exceed 15% of the most recent General Fund Budget or the average of the last five adjusted budgets, whichever is less. Increases to the amount must also be approved by the County Board of Commissioners.

*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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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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.

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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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*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.

### *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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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### *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.

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, 2013.

### *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 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, 2013 (summer tax). The remaining Law Enforcement Fund and Juvenile Home Building Project Fund property taxes were levied on December 1, 2012 (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 6.3695 mills and a total taxable value of real and personal property of \$7,867,653,544.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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The County levied \$36,190,179 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 2013. Any amounts not collected were deferred for use for the year ended December 31, 2013.

The County levied winter property taxes of \$1,801,363 and \$11,299,476 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, 2013. The County collected a total of approximately \$1,770,000 of the Juvenile Home Fund and Public Safety Fund winter taxes in 2012, which were recorded in revenues in January, 2013.

### *Contributions and Appropriations*

Contributions and appropriations between funds are accounted for as transfers.

### *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 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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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### *Fund Balance*

Fund balance represents the difference between assets and liabilities in the governmental fund financial statements. The 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, as well as the negative fund balances of the special revenue funds as a result of overspending due to the classification of nonspendable items.

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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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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, 2014, through June 18, 2014, 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.

### **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. The City of Kalamazoo has custody and authority to make investment decisions for the Transportation Authority. As such, the deposits of the component unit are subject to the City's investment policy.

**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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

At December 31, 2013, \$49,723,323 of the County's bank balances of \$56,492,998 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	\$ 27,605,833	\$ 18,377,469	\$45,983,302
County Road Commission	2,752,181	-	2,752,181
At-Large Drains	987,840	-	987,840
<b>Total Uninsured and Uncollateralized</b>	<b>\$ 31,345,854</b>	<b>\$18,377,469</b>	<b>\$49,723,323</b>

At September 30, 2013, \$8,750,823 of KCMHSAS' bank balances of \$20,844,880 were exposed to custodial credit risk.

At September 30, 2013, \$1,735,448 of KCTA's bank balances of \$2,485,448 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.

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, 2013, 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	\$ 45,264,661	\$ 17,596,440	\$ 18,579,498	\$ 8,420,838	\$ 667,885
Money Market	19,618,483	19,618,483	-	-	-
<b>Total</b>	<b>\$64,883,144</b>	<b>\$37,214,923</b>	<b>\$18,579,498</b>	<b>\$8,420,838</b>	<b>\$ 667,885</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, 2013, KCMHSAS had the following investments and maturities:

	<i>Fair Value</i>	<i>Investment Maturities Less Than One Year</i>
Money Market	\$ 126,181	\$ 126,181

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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**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.

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# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

At December 31, 2013, 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)	\$ 5,057,661	\$ 840,280	\$ 3,781,626	\$ -	\$ -	\$ 435,755	
Federal Home Loan							
Mortgage Corporation (FHLMC)	2,873,772	-	2,873,772	-	-	-	
Federal National							
Mortgage Association (FNMA)	7,264,937	578,846	3,279,191	-	-	3,406,900	
Federal Farm Credit Bank (FFCB)	2,239,588	1,497,470	742,118	-	-	-	
Allen Park - TXB-A	769,073	-	-	345,426	423,647	-	
Alpena MI Regl Med	772,197	-	-	-	-	772,197	
Avondale School District - TXB	101,167	101,167	-	-	-	-	
Berrien County	446,920	-	446,920	-	-	-	
Byron Center Schools	500,131	-	500,131	-	-	-	
Caledonia SCHS-T	246,328	-	246,328	-	-	-	
Calhoun TXB BKD	80,162	-	80,162	-	-	-	
Colon Schools	243,093	-	243,093	-	-	-	
Grand Rapids- Bld	519,460	-	519,460	-	-	-	
Hartland Consolidated							
School District	517,090	-	517,090	-	-	-	
Kalamazoo Cap	209,631	-	209,631	-	-	-	
Kalamazoo Schools - B	523,063	-	523,063	-	-	-	
Kalamazoo- WTR-SU- R	52,696	-	52,696	-	-	-	
Kalamazoo- RF- DOW	381,406	-	381,406	-	-	-	
Kent County Amt Ref	640,366	-	640,366	-	-	-	
Kent Hospital	1,046,493	-	1,046,493	-	-	-	
Lansing Charter-Ref	941,256	-	-	941,256	-	-	
Macomb Bldg-A-RE	982,809	982,809	-	-	-	-	
Michigan Housing Development	552,242	-	552,242	-	-	-	
Michigan Municipal Bond	1,075,557	563,251	256,846	255,460	-	-	
Michigan State	1,624,785	-	1,624,785	-	-	-	
Michigan State - TXB	1,014,779	-	1,014,779	-	-	-	
Michigan Taxable Service	285,162	-	285,162	-	-	-	
Midland Water Supply	139,269	-	139,269	-	-	-	
Oakland County - Bld	975,157	975,157	-	-	-	-	

# 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	\$ 875,416	\$ 211,901	\$ 663,515	\$ -	\$ -	\$ -
Oakland Schools	764,194	-	764,194	-	-	-
Portage Schools	363,236	-	363,236	-	-	-
Roseville School District	513,961	-	513,961	-	-	-
Southfield Schools Ref	541,021	-	541,021	-	-	-
St Clair - Ref	2,017,424	2,017,424	-	-	-	-
St Johns Schools - QS	235,508	-	235,508	-	-	-
University of Michigan Revs	288,903	288,903	-	-	-	-
Van Dyke School	582,917	-	-	-	-	582,917
Warren B Ref	339,060	-	339,060	-	-	-
Warren	1,936,895	-	1,936,895	-	-	-
Wayne ARPT-JR LI	1,776,963	-	-	1,776,963	-	-
Wayne Charter County	1,944,002	1,859,048	-	84,954	-	-
Wayne CNTY-TXB-B	1,008,911	-	-	-	-	1,008,911
<b>Totals by Rating</b>	<b>\$45,264,661</b>	<b>\$ 9,916,256</b>	<b>\$25,314,019</b>	<b>\$ 3,404,059</b>	<b>\$ 423,647</b>	<b>\$6,206,680</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, 2013, 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, 2013, 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, 2013, 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.

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, 2013, the System had deposit balances of \$5,031,599, all of which were uninsured and uncollateralized.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

**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, 2013, 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	\$ 2,438,330	\$ -	\$ 2,438,330	\$ -	\$ -
Corporate Bonds	12,085,601	-	4,858,140	4,238,254	2,989,207
Collateralized Mortgage Obligation Securities (CMO)	71,789	-	-	71,789	-
Federal Home Loan Mortgage Corporation (FHLMC)	1,541,481	-	-	-	1,541,481
Federal National Mortgage Association (FNMA)	5,880,736	-	28,932	-	5,851,804
Government Issue FICO Strip Securities	1,733,684	-	1,353,950	379,734	-
U.S. Treasury Bonds	22,080,414	2,553,406	2,475,250	4,630,918	12,420,840
<b>Total</b>	<b>45,832,035</b>	<b>\$ 2,553,406</b>	<b>\$ 11,154,602</b>	<b>\$ 9,320,695</b>	<b>\$ 22,803,332</b>
<b>Other Investments:</b>					
U.S. Micro Cap Equity Mutual Fund	10,123,484				
Equity Index Collective Trust Fund	60,624,995				
Mutual International Small Cap Fund	20,505,828				
Mutual Emerging Markets Fund	19,638,769				
U.S. Large Cap Equity Mutual Fund	10,152,661				
U.S. Small Cap Equity Mutual Fund	20,532,558				
Real Estate Pooled Separate Account	5,383,234				
REIT Index Inst	4,323,522				
<b>Total Investments</b>	<b>\$ 197,117,086</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)

As of December 31, 2013, the System had the following credit ratings:

<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>
Asset Backed						
Corporate Bonds	\$ 2,438,330	\$ 2,246,551	\$ -	\$ -	\$ -	\$ 191,779
Corporate Bonds	12,085,601	111,089	1,846,057	6,031,211	4,097,244	-
Collateralized Mortgage Obligation						
Securities (CMO)	71,789	-	71,789	-	-	-
Federal Home Loan Mortgage Corporation (FHLMC)						
	-	-	1,541,481	-	-	-
Federal National Mortgage Association (FNMA)						
	5,880,736	-	5,880,736	-	-	-
Government Issue FICO						
Strip Securities	1,733,684	-	-	-	-	1,733,684
U.S. Treasury Bonds	22,080,414	-	-	-	-	22,080,414
<b>Totals by Rating</b>	<b>\$ 45,832,035</b>	<b>\$ 2,357,640</b>	<b>\$ 9,340,063</b>	<b>\$ 6,031,211</b>	<b>\$ 4,097,244</b>	<b>\$ 24,005,877</b>

<i>Funds</i>	<i>Fair Value</i>	<i>Morningstar Rating</i>		
		<i>★★</i>	<i>★★★</i>	<i>★★★★</i>
U.S. Micro Cap Equity Mutual Fund	\$ 10,123,484	\$ -	\$ -	\$ 10,123,484
Equity Index Collective Trust Fund	60,624,995	-	-	60,624,995
International Small Cap Mutual Fund	20,505,828	-	-	20,505,828
Emerging Markets Mutual Fund	19,638,769	-	19,638,769	-
U.S. Large Cap Equity Mutual Fund	10,152,661	-	-	10,152,661
U.S. Small Cap Equity Mutual Fund	20,532,558	-	20,532,558	-
REIT Index Inst	4,323,522	-	4,323,522	-
<b>Totals by Rating</b>	<b>\$ 145,901,817</b>	<b>\$ -</b>	<b>\$ 44,494,849</b>	<b>\$ 101,406,968</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, 2013, 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, 2013, 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, 2013, the System invested \$20,506,000 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 25% of the portfolio's assets is invested in such companies in any one country.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

### 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	\$ 171,080

<i>Fund</i>	<i>Advances from Other Funds</i>
Capital Projects - Drain Revolving Fund	\$ 163,048
Capital Projects - Lake Level Revolving Fund	\$ 8,032

To accommodate the payment of Drain Revolving Fund and Lake Level Revolving Fund related expenditures prior to assessments levied, the General Fund has advanced \$163,048 to the Drain Revolving Fund and \$8,032 to the Lake Level Revolving Fund. The Board of Commissioners established the advances at a level of \$185,000 and \$15,000, respectively, with the recognition that appropriate assessments occur in order to repay the advances.

#### *Due to-Due From*

There were no due to-due from balances for the year ended December 31, 2013.

#### *Interfund Transfers*

Interfund transfers for the year ended December 31, 2013, 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	\$ -	\$ -	\$ 223,190	\$ 1,910,993	\$ 2,134,183
Health Fund	1,740,254	-	-	-	1,740,254
General County Public Improvement Fund	3,900,900	-	-	-	3,900,900
Nonmajor Governmental	4,521,325	224,583	430,860	-	5,176,768
All others	79,391	-	-	-	79,391
<b>Total Transfers Out</b>	<b>\$ 10,241,870</b>	<b>\$ 224,583</b>	<b>\$ 654,050</b>	<b>\$ 1,910,993</b>	<b>\$ 13,031,496</b>

The principal purposes of the interfund transfers are to move unrestricted revenues collected in the General Fund to finance various programs and/or projects accounted for in other funds in accordance with budgetary authorization, and move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

### 5. Capital Assets

Capital asset activity for the year ended December 31, 2013, consists of the following:

<i>Primary Government</i>	<i>Balance, January 1, 2013</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, December 31, 2013</i>
<b>Government Activities:</b>				
Capital assets not depreciated:				
Land	\$ 3,755,182	\$ 83,774	\$ -	\$ 3,838,956
Construction in progress (estimated costs to complete \$26,964,000)	19,658,098	24,797,269	19,658,098	24,797,269
Capital assets in progress (estimated costs to complete \$296,000)	230,754	98,420	115,021	214,153
Intangible easements	121,504	-	-	121,504
Capital assets depreciated:				
Land improvements	12,402,138	-	-	12,402,138
Buildings and improvements	59,199,189	-	509	59,198,680
Furniture, machinery, and equipment	8,514,559	475,400	1,194,971	7,794,988
Vehicles	4,984,895	437,478	823,080	4,599,293
Law library books	405,392	-	-	405,392
<b>Totals at Historical Cost</b>	<b>109,271,711</b>	<b>25,892,341</b>	<b>21,791,679</b>	<b>113,372,373</b>
Less accumulated depreciation:				
Land improvements	4,307,113	575,699	-	4,882,812
Buildings and improvements	26,882,621	1,470,724	509	28,352,836
Furniture, machinery, and equipment	5,217,974	924,503	1,088,080	5,054,397
Vehicles	3,455,974	545,669	693,283	3,308,360
Law library books	405,392	-	-	405,392
Total accumulated depreciation	40,269,074	3,516,595	1,781,872	42,003,797
<b>Total Governmental Activities - Net Capital Assets</b>	<b>\$ 69,002,637</b>	<b>\$ 22,375,746</b>	<b>\$ 20,009,807</b>	<b>\$ 71,368,576</b>

Depreciation expense charged to governmental functions consisted of the following:

General government	\$ 387,599
Public safety	779,049
Health and welfare	247,876
Recreation and culture	870,306
Judicial	1,231,765
<b>Total Depreciation Expense</b>	<b>\$ 3,516,595</b>

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

<i>Primary Government</i>	<i>Balance, January 1, 2013</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, December 31, 2013</i>
<b>Business-Type Activities:</b>				
Capital assets not depreciated:				
Land	\$ 3,868,097	\$ -	\$ -	\$ 3,868,097
Construction in progress (estimated costs to complete \$295,000)	998,635	879,838	293,752	1,584,721
Capital assets depreciated:				
Land improvements	43,576,928	393,657	-	43,970,585
Buildings and improvements	41,583,535	15,950	-	41,599,485
Furniture, machinery, and equipment	11,021,075	123,002	-	11,144,077
<b>Totals at Historical Cost</b>	<b>101,048,270</b>	<b>1,412,447</b>	<b>293,752</b>	<b>102,166,965</b>
Less accumulated depreciation:				
Land improvements	26,049,208	1,658,900	-	27,708,108
Buildings and improvements	9,470,595	944,282	-	10,414,877
Furniture, machinery, and equipment	5,931,761	662,552	-	6,594,313
Total accumulated depreciation	41,451,564	3,265,734	-	44,717,298
<b>Total Business-Type Activities - Net Capital Assets</b>	<b>\$59,596,706</b>	<b>\$ (1,853,287)</b>	<b>\$ 293,752</b>	<b>\$ 57,449,667</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, 2013, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, October 1, 2012</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, September 30, 2013</i>
<b>Kalamazoo Community Mental Health and Substance Abuse Services:</b>				
<b>Capital Assets:</b>				
Capital assets not depreciated:				
Land	\$ 670,911	\$ 245,000	\$ (225,000)	\$ 690,911
Construction in progress	89,142	614,445	(668,967)	34,620
Capital assets depreciated:				
Buildings and improvements	3,341,608	-	410,849	3,752,457
Equipment and furniture	3,556,948	-	(1,678,739)	1,878,209
Motor vehicles	66,868	-	(39,868)	27,000
<b>Total Capital Assets</b>	<b>7,725,477</b>	<b>859,445</b>	<b>(2,201,725)</b>	<b>6,383,197</b>
Less accumulated depreciation	4,342,048	576,297	(1,901,646)	3,016,699
<b>Total Kalamazoo Community Mental Health and Substance Abuse Services Capital Assets, net</b>	<b>\$ 3,383,429</b>	<b>\$ 283,148</b>	<b>\$ (300,079)</b>	<b>\$ 3,366,498</b>

Capital asset activity for the Kalamazoo County Road Commission for the year ended December 31, 2013, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, January 1, 2013</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, December 31, 2013</i>
<b>Road Commission Capital Assets:</b>				
Capital assets not depreciated:				
Land and improvements, infrastructure	\$ 20,249,813	\$ 843,472	\$ -	\$ 21,093,285
Land and improvements	607,993	97,942	-	705,935
Capital assets depreciated:				
Buildings and improvements	4,083,767	34,056	-	4,117,823
Road equipment	8,345,020	761,409	(291,762)	8,814,667
Other equipment	551,446	113,235	(32,115)	632,566
Infrastructure and improvements	171,429,256	5,134,891	(4,065,993)	172,498,154
<b>Total Capital Assets</b>	<b>205,267,295</b>	<b>6,985,005</b>	<b>(4,389,870)</b>	<b>207,862,430</b>
Less accumulated depreciation	88,387,349	8,214,290	(4,389,870)	92,211,769
<b>Total Kalamazoo County Road Commission Capital Assets, net</b>	<b>\$116,879,946</b>	<b>\$ (1,229,285)</b>	<b>\$ -</b>	<b>\$ 115,650,661</b>

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

Capital asset activity for the Kalamazoo County Land Bank for the year ended December 31, 2013, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, January 1, 2013</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance, December 31, 2013</i>
<b>Kalamazoo County Land Bank</b>				
<b>Capital Assets -</b>				
Capital assets depreciated -				
Rental properties	\$ -	\$ 2,302,368	\$ -	\$ 2,302,368
Less accumulated depreciation	-	114,701	-	114,701
<hr/>				
<b>Total Kalamazoo County Land Bank Capital Assets, net</b>	<b>\$ -</b>	<b>\$ 2,187,667</b>	<b>\$ -</b>	<b>\$ 2,187,667</b>

*This area is intentionally left blank.*

# 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, 2013</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance, December 31, 2013</i>	<i>Due Within One Year</i>
<b>Government Activities:</b>					
Bonds and notes payable -					
General obligation debt	\$ 33,350,000	\$ -	\$ 1,755,000	\$ 31,595,000	\$ 1,490,000
Other liabilities:					
Compensated absences	3,320,813	2,588,379	2,652,710	3,256,482	1,122,187
Net OPEB obligation	8,474,420	5,407,221	2,772,000	11,109,641	-
	45,145,233	7,995,600	7,179,710	45,961,123	2,612,187
Net Bond Premium	119,386	-	27,391	91,995	-
Net Bond Discount	(150,517)	-	(7,589)	(142,928)	-
<b>Total Long-Term Liabilities - Governmental Activities</b>	<b>\$ 45,114,102</b>	<b>\$ 7,995,600</b>	<b>\$ 7,199,512</b>	<b>\$ 45,910,190</b>	<b>\$ 2,612,187</b>
<b>Business-Type Activities:</b>					
Bonds payable -					
General obligation debt	\$ 7,520,000	\$ -	\$ 575,000	\$ 6,945,000	\$ 525,000
Net Bond Premium	440,201	-	28,708	411,493	-
Net Bond Discount	(51,435)	-	(5,976)	(45,459)	-
<b>Total Long-Term Liabilities - Business-Type Activities</b>	<b>\$ 7,908,766</b>	<b>\$ -</b>	<b>\$ 597,732</b>	<b>\$ 7,311,034</b>	<b>\$ 525,000</b>
<b><u>Discretely Presented</u></b>					
<b><u>Component Units</u></b>					
<b>Total Long-Term Liabilities - Business-Type Activities -</b>					
Compensated absences	\$ 874,275	\$ 1,022,043	\$ 915,479	\$ 980,839	\$ 980,839

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

Long-term bonds and notes at December 31, 2013 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%	\$ 70,000
1996 Sewage Disposal System No. 7 Bonds	5/1/2016	4.75-7.75%	375,000
2010 Sewage Disposal Indian/Pickerel Lake Bonds	12/1/2017	4.00%	1,095,000
2012 Cooper Township Sewage Disposal System Bonds	5/1/2021	1.96%	1,065,000
2004 Texas Township Refunding Sanitary Sewage Disposal System Bonds	5/1/2013	2.50-4.00%	-
2005 Comstock Sewage Disposal System Bonds	5/1/2013	2.50-3.50%	-
2005 Village of Augusta Water Supply	5/1/2025	2.13%	500,000
2008 Townline Drain	3/1/2018	2.40-4.55%	235,000
<b>Total Governmental Activities - without associated assets</b>			<b>\$ 3,340,000</b>
2007 Juvenile Home Facilities Bond	4/1/2032	4.50-5.00%	\$ 25,650,000
2011 Expo Center Improvement Bonds	4/1/2026	3.20%	2,605,000
<b>Total Governmental Activities - with associated assets</b>			<b>\$ 28,255,000</b>
<b>Business-Type Activities:</b>			
2003 Building Authority Airport Facilities Bonds	5/1/2014	3.50-3.70%	\$ 500,000
2012 Airport Refunding Bonds	5/1/2028	2.60-4.60%	6,445,000
<b>Total Business-Type Activities - with associated assets</b>			<b>\$ 6,945,000</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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

There are a number of limitations and restrictions contained in the various debt issues. At December 31, 2013, the County complied with all significant limitations and restrictions.

The compensated absence liability attributable to the governmental activities will be liquidated by the County's General, Law Enforcement, Nazareth Facility, Parks, 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>
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	1,430,000	1,060,143	605,000	154,825
2019-2023	7,670,000	4,427,431	3,015,000	414,525
2024-2028	8,255,000	2,683,936	915,000	69,925
2029-2033	7,800,000	724,500	-	-
	<b>\$31,595,000</b>	<b>\$ 13,756,785</b>	<b>\$6,945,000</b>	<b>\$1,410,225</b>

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, 2013, 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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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### 7. Retirement Commitments

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

##### *Plan Description*

The System is a 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 (the County), Kalamazoo Road Commission (the 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 state of Michigan statutes. Employees of participating employers holding regular positions, either full time or part time of twenty hours or more per week, are included by law in the System. Employees of the Sheriff's Deputy Association, Sheriff's Supervisory Association, certain District Court employees, and Judges elected or appointed after March 31, 1997, are excluded from the plan pursuant to past negotiations.

The System is controlled by laws established by the state of Michigan. Any changes to the plan document must be approved by the Kalamazoo County Board Commissioners and subsequently implemented by the Retirement Investment Committee and the County Administrator/Controller.

The System issues a publicly available financial report that includes financial statements and required supplementary 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.

##### Annual Pension Cost and Net Pension Obligation

The annual required contribution (ARC) for the current year was determined as part of the December 31, 2012, 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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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>	2011 \$ 1,784,970	100.0%
	2012 \$ 2,237,846	100.0%
	2013 \$ 2,355,734	100.0%
<b>Kalamazoo County Road Commission:</b>	2011 \$ -	100.0%
	2012 \$ -	100.0%
	2013 \$ -	100.0%
<b>Kalamazoo Community Mental Health and Substance Abuse Services:</b>	2011 \$ 640,272	100.0%
	2012 \$ 739,698	100.0%
	2013 \$ 921,842	100.0%

The Schedule of Funding Progress, as of December 31, 2013, 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> 12/31/2011	\$ 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%
12/31/2013	\$ 181,006,027	\$ 159,282,526	\$ (21,723,501)	113.6%	\$ 41,180,449	-52.8%

### **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 2013 contribution of \$2,148,200. 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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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### *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 2013 contributions on behalf of the District Court employees in the amount of \$32,331. 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, 2013, KCMHSAS and its employees each contributed \$671,337. 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 policy established that retiring employees, who terminate employment after becoming eligible for immediate commencement of retirement benefits from the County, shall be eligible for group health insurance. Active participants of the FOP defined contribution plan are eligible under the terms of their collective bargaining agreement. Changes are made through collective bargaining. All other retiring employees reach eligibility based on hire date, years of retirement plan credited service and age at retirement. Employees hired on or before 12/31/2008 are eligible at age 55 with at least 8 years of service. Employees hired on or after 1/1/2009 are eligible at age 60 with at least 8 years of service. Employees hired on or after 1/1/2010 are eligible at age 60 with at least 8 years of service until they reach the age of 65. For employees hired on or before 12/31/2009, at age 65 the County will provide only supplemental insurance coverage. For employees hired on or after 1/1/2010, at age 65 the County will provide the retiree the opportunity to purchase supplemental coverage with the retiree responsible for 100% of the cost. A retiree and his/her covered dependents must obtain Medicare Parts A & B at the earliest date eligible. For employees hired on or after 1/1/2012, the County will not provide retiree health insurance. These benefits are established and can be amended by the County Board of Commissioners.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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Currently, there are 319 retirees of the primary government, 91 retirees of the FOP, 43 retirees of the Road Commission, and 42 retirees of KCMHSAS. Separate financial statements are not prepared.

### *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, 2012, 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.

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 50% of the fixed rate determined in the most recent actuarial valuation adjusted for plan design changes made during the year. The Road Commission and KCMHSAS are contributing based on the percentage of payroll determined in the most recent actuarial valuation.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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	2011	\$ 4,459,827	\$ 3,344,872	75.00%
	2012	\$ 5,334,543	\$ 2,737,000	51.31%
	2013	\$ 5,362,232	\$ 2,772,000	51.69%
Kalamazoo Community Mental Health and Substance Abuse Services	2011	\$ 377,292	\$ 489,660	129.78%
	2012	\$ 376,544	\$ 479,537	127.35%
	2013	\$ 361,350	\$ 445,684	123.34%
Kalamazoo County Road Commission	2011	\$ 306,789	\$ 232,532	75.80%
	2012	\$ 217,684	\$ 194,069	89.15%
	2013	\$ 222,630	\$ 168,504	75.69%
Totals	2011	\$ 5,143,908	\$ 4,067,064	79.07%
	2012	\$ 5,928,771	\$ 3,410,606	57.53%
	2013	\$ 5,946,212	\$ 3,386,188	56.95%

# 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, 2013</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)	\$ 5,362,232	\$ 222,630	\$ 361,350
Interest on new OPEB obligation	656,768	(1,521)	(53,982)
Adjustment to ARC	(611,779)	1,146	58,734
Annual OPEB cost	5,407,221	222,255	366,102
Contributions made	2,772,000	168,504	445,684
Increase (decrease) in net OPEB obligation	2,635,221	53,751	(79,582)
Net OPEB Obligation (Asset), December 31, 2012	8,474,420	(19,631)	(696,539)
Net OPEB Obligation (Asset), December 31, 2013	<b>\$ 11,109,641</b>	<b>\$ 34,120</b>	<b>\$ (776,121)</b>
Percentage of Annual OPEB Cost Contributed	51.26%	75.82%	121.74%

The County is only required to obtain actuarial valuations every two years. The below information was obtained from the 2013 actuarial valuations.

The funded status of the plan, as of December 31, 2013, 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)	\$ 86,776,528	\$ 3,245,689	\$ 4,621,935	<b>\$94,644,152</b>
Actuarial value of plan assets	5,560,607	1,562,405	3,148,454	<b>10,271,466</b>
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>\$81,215,921</b>	<b>\$1,683,284</b>	<b>\$ 1,473,481</b>	<b>\$84,372,686</b>
Funded ratio				
(actuarial value of plan assets/AAL)	6.4%	48.1%	68.1%	10.9%
Covered payroll (active plan members)	\$ 40,160,494	\$ 2,300,517	\$ 10,116,884	<b>\$52,577,895</b>
UAAL as a percentage of covered payroll	202.2%	73.2%	14.6%	<b>160.5%</b>

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

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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### 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.

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

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

Changes in the balances of claim liabilities for 2013 and 2012, consists of the following:

<i>General Fund</i>	<i>Beginning of Year Liability</i>	<i>Current Year</i>		<i>End of Year Liability</i>
		<i>Claims and Changes in Estimates</i>	<i>Claim Payments</i>	
General liability and crime:				
2012	\$ 392,018	\$ 124,830	\$ (130,963)	\$ 385,885
2013	\$ 385,885	\$ 345,467	\$ (464,616)	\$ 266,736

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (continued)

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 2013 and 2012, 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:				
2012	\$ 362,240	\$ 321,199	\$ (424,466)	\$ 258,973
2013	\$ 258,973	\$ 411,321	\$ (300,268)	\$ 370,026
Employee health and medical:				
2012	\$ 415,613	\$ 6,280,145	\$ (6,254,187)	\$ 441,571
2013	\$ 441,571	\$ 6,183,857	\$ (6,188,837)	\$ 436,591
Employee dental:				
2012	\$ 26,316	\$ 457,932	\$ (459,773)	\$ 24,475
2013	\$ 24,475	\$ 439,940	\$ (440,873)	\$ 23,542

### *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.

# 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, 2013</i>	<i>Excess Expenditures</i>
<b>General Fund:</b>	
<i>Health and Welfare - Veteran's Burial</i>	\$ (6,142)
<i>Health and Welfare - Soldier and Sailor Relief</i>	(3,933)
<i>Other - At-Large Drains</i>	(848)
<i>Other - Insurance and Surety Bonds</i>	(105,661)
<i>Capital Outlay</i>	(21,707)
<i>Transfers Out:</i>	
Judicial Special Grants Funds	(46,542)
Airport	(79,391)
<b>Special Revenue Funds:</b>	
<b>Law Enforcement Fund:</b>	
<i>General Government - Prosecuting Attorney</i>	(3,768)
<i>Public Safety - Community Corrections</i>	(1,143)
<i>Public Safety - Sheriff - Admin/Support</i>	(209,178)
<i>Public Safety - Sheriff - Field Operations</i>	(232,197)
<b>Parks and Recreation Fund:</b>	
<i>Capital Outlay</i>	(12,800)
<i>Transfers Out -Parks Improvement Fund</i>	(24,558)
<b>Accommodation Tax Fund:</b>	
<i>Recreation and Culture</i>	(33,350)
<i>Transfers Out - General Fund</i>	(791)
<b>Child Care Probate Fund -</b>	
<i>Capital Outlay</i>	(5,382)
<b>Veteran's Trust Fund -</b>	
<i>Health and Welfare</i>	(1,188)
<b>Community Healthy Start Fund -</b>	
<i>Health and Welfare</i>	(98)
<b>Public Safety Special Grants Fund -</b>	
<i>Public Safety</i>	(29,659)
<i>Health and Welfare Special Grants Fund - Transfers Out - Head Start</i>	(6,261)

#### *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.

# County of Kalamazoo, Michigan

## Notes to Basic Financial Statements (concluded)

At December 31, 2013, the System's investment in common stocks was 70.2% of plan assets at market value, thereby exceeding the limit allowed by law. On November 17, 2013, the Retirement Investment Committee met and directed staff to review the asset holdings as of November 30, 2013. The System was brought into compliance in December, 2013. However, the market appreciation during December, 2013, caused the System to exceed the 70% limit at December 31, 2013. The System was brought into compliance during 2014.

### 10. Commitments and Contingencies

At December 31, 2013, the County had the following contractual construction commitments:

	<i>Project Authorization</i>	<i>Expended Through December 31, 2013</i>	<i>Committed</i>	<i>Required Future Financing</i>
Airport improvements	\$ 4,151,219	\$ 3,897,750	\$ 295,363	\$ *
Governmental activities	22,781,864	21,967,068	814,796	-
	<b>\$ 26,933,083</b>	<b>\$25,864,818</b>	<b>\$ 1,110,159</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 \$372,535 in 2013. The future minimum lease payments for these leases consists of the following:

<i>Year Ending December 31,</i>	<i>Amount</i>
2014	\$ 250,566
2015	232,021
2016	232,021
	<b>\$ 714,608</b>

## 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>	<i>(A)</i>	<i>(B)</i>	<i>(B)-(A)</i>	<i>(A)/(B)</i>	<i>(C)</i>	<i>[(B)-(A)]/(C)</i>
	\$	\$	\$		\$	
<b>Primary Government:</b>						
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%
12/31/2013	134,719,148	121,369,877	(13,349,271)	111.0%	28,124,717	-47.5%
<b>Kalamazoo County Road Commission:</b>						
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%
12/31/2013	18,087,442	13,085,068	(5,002,374)	138.2%	2,222,722	-225.1%
<b>Kalamazoo Community Mental Health and Substance Abuse Services:</b>						
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%
12/31/2013	28,199,437	24,827,581	(3,371,856)	113.6%	10,833,010	-31.1%
<b>Totals:</b>						
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%
12/31/2013	181,006,027	159,282,526	(21,723,501)	113.6%	41,180,449	-52.8%

# 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>
<i>Employer</i>		(A)	(B)	(B)-(A)	(A)/(B)	(C)	[(B)-(A)]/(C)
		\$	\$	\$		\$	
<b>Kalamazoo County Government:</b>							
	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%
	12/31/2013	5,560,607	86,776,528	81,215,921	6.4%	40,160,494	202.2%
<b>Kalamazoo County Road Commission:</b>							
	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%
	12/31/2013	1,562,405	3,245,689	1,683,284	48.1%	2,300,517	73.2%
<b>Kalamazoo Community Mental Health and Substance Abuse Services:</b>							
	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%
	12/31/2013	3,148,454	4,621,935	1,473,481	68.1%	10,116,884	14.6%
<b>Totals:</b>							
	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%
	12/31/2013	10,271,466	94,644,152	84,372,686	0.0%	52,577,895	160.5%

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, 2013, and the two preceding valuations. The Trust began in 2007.

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## Combining and Individual Fund Statements and Schedules

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## 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, 2013</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	\$ 36,126,900	\$ 36,126,900	\$ 36,230,811	\$ 103,911
Treasurer	50,000	50,000	76,844	26,844
<i>Total Taxes</i>	<i>36,176,900</i>	<i>36,176,900</i>	<i>36,307,655</i>	<i>130,755</i>
<i>Licenses and Permits:</i>				
County Clerk/Register of Deeds	49,000	74,000	75,201	1,201
Animal Services and Enforcement	454,400	454,400	507,115	52,715
Treasurer	10,000	10,000	13,933	3,933
Soil Erosion and Sedimentation Control	23,500	23,500	30,285	6,785
Medical Examiner	15,100	15,100	17,721	2,621
<i>Total Licenses and Permits</i>	<i>552,000</i>	<i>577,000</i>	<i>644,255</i>	<i>67,255</i>
<i>Federal Grants:</i>				
Sheriff	58,000	58,000	97,001	39,001
Emergency Management	52,000	52,000	64,124	12,124
Prosecuting Attorney	86,300	86,300	118,419	32,119
<i>Total Federal Grants</i>	<i>196,300</i>	<i>196,300</i>	<i>279,544</i>	<i>83,244</i>
<i>State Grants:</i>				
State Shared Revenue	4,000,900	4,000,900	4,018,028	17,128
State Court Fund Distribution	1,226,000	1,253,500	1,253,579	79
Convention and Tourism	1,888,300	2,124,700	2,124,658	(42)
Cigarette Tax	1,500	10,000	9,963	(37)
Elections	3,000	3,000	2,995	(5)
Friend of the Court	242,000	244,000	225,707	(18,293)
Circuit Court - Trial Division	186,300	186,300	186,377	77
Circuit Court - Family Division	342,000	342,000	343,619	1,619
District Court	413,900	413,900	375,893	(38,007)
Prosecuting Attorney	28,900	28,900	57,555	28,655
Probate Court	148,500	148,500	92,429	(56,071)
Sheriff	34,000	34,000	29,321	(4,679)
Strategic Issues	-	-	20,000	20,000
County Clerk/Register of Deeds	2,000	2,800	2,641	(159)
<i>Total State Grants</i>	<i>8,517,300</i>	<i>8,792,500</i>	<i>8,742,765</i>	<i>(49,735)</i>

# County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2013</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	\$ 1,323,000	\$ 1,323,000	\$ 1,337,404	\$ 14,404
Veteran's Affairs	4,300	4,300	4,258	(42)
<b>Total Local Unit Contributions</b>	<b>1,327,300</b>	<b>1,327,300</b>	<b>1,341,662</b>	<b>14,362</b>
<i>Charges for Services:</i>				
Circuit Court - Administration	766,100	674,500	658,329	(16,171)
District Court	2,356,000	2,356,000	2,024,147	(331,853)
Friend of the Court	162,000	172,000	165,791	(6,209)
Probate Court	66,500	66,500	62,511	(3,989)
Elections	175,000	175,000	170,422	(4,578)
County Clerk/Register of Deeds	1,750,300	2,101,900	2,059,434	(42,466)
Equalization	-	-	2,134	2,134
Human Resources	-	-	6	6
Prosecuting Attorney	27,500	27,500	38,610	11,110
Treasurer	42,100	42,100	44,955	2,855
Drain Commissioner	2,500	2,500	4,495	1,995
Sheriff	1,171,000	1,171,000	1,199,467	28,467
Animal Services and Enforcement	73,400	73,400	62,522	(10,878)
MSU Extension	9,200	9,200	9,200	-
Planning	8,500	8,500	5,056	(3,444)
<b>Total Charges for Services</b>	<b>6,610,100</b>	<b>6,880,100</b>	<b>6,507,079</b>	<b>(373,021)</b>
<i>Fines and Forfeitures:</i>				
Circuit Court - Administration	22,000	17,000	12,472	(4,528)
District Court	1,725,000	1,725,000	1,437,729	(287,271)
Prosecuting Attorney	79,000	79,000	64,154	(14,846)
Treasurer	500	500	70	(430)
Soil Erosion and Sedimentation Control	500	500	-	(500)
<b>Total Fines and Forfeitures</b>	<b>1,827,000</b>	<b>1,822,000</b>	<b>1,514,425</b>	<b>(307,575)</b>
<b>Interest and Rents</b>	<b>1,204,400</b>	<b>1,208,300</b>	<b>538,908</b>	<b>(669,392)</b>

# County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2013</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Final Budget Positive (Negative)</i>
<b>Revenues (Concluded):</b>				
<i>Other:</i>				
Budget Stabilization	\$ 2,500,000	\$ 2,500,000	\$ -	\$ (2,500,000)
Non-departmental Revenue	-	-	28,863	28,863
Circuit Court - Administration	800	800	641	(159)
District Court	45,000	45,000	40,772	(4,228)
Friend of the Court	100	100	50	(50)
Probate Court	3,000	3,000	2,943	(57)
Family Counseling Services	24,400	24,400	26,055	1,655
County Clerk/Register of Deeds	5,000	5,000	2,235	(2,765)
Finance	15,400	38,900	52,124	13,224
Indirect Costs	697,700	630,300	620,051	(10,249)
Prosecuting Attorney	1,500	1,500	2,704	1,204
Treasurer	-	-	180	180
Drain Commissioner	600	600	-	(600)
Sheriff	401,400	401,400	215,562	(185,838)
Animal Services and Enforcement	15,400	15,400	16,779	1,379
Emergency Management	-	-	(8)	(8)
Veteran's Affairs	1,400	-	-	-
<i>Total Other</i>	<i>3,711,700</i>	<i>3,666,400</i>	<i>1,008,951</i>	<i>(2,657,449)</i>
<i>Contributions and Donations:</i>				
County Clerk/Register of Deeds	-	600	623	23
Sheriff	500	500	-	(500)
MSU Extension	5,000	5,000	5,000	-
<i>Total Contributions and Donations</i>	<i>5,500</i>	<i>6,100</i>	<i>5,623</i>	<i>(477)</i>
<b>Total Revenues</b>	<b>60,128,500</b>	<b>60,652,900</b>	<b>56,890,867</b>	<b>(3,762,033)</b>

# County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2013</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	\$ 209,000	\$ 209,000	\$ 207,839	\$ 1,161
County Administration	519,900	519,400	511,399	8,001
Legal Services	201,500	202,200	195,797	6,403
<i>Total Legislative</i>	<i>930,400</i>	<i>930,600</i>	<i>915,035</i>	<i>15,565</i>
<i>Judicial:</i>				
Circuit Court - Administration	5,323,700	5,214,200	5,143,021	71,179
Circuit Court - Trial Division	438,000	452,600	450,218	2,382
Circuit Court - Family Division	859,700	864,300	861,938	2,362
District Court	5,156,100	5,031,300	4,868,861	162,439
Jury Board	3,300	3,300	3,174	126
Probate Court	925,000	795,600	781,806	13,794
<i>Total Judicial</i>	<i>12,705,800</i>	<i>12,361,300</i>	<i>12,109,018</i>	<i>252,282</i>
<i>General Government:</i>				
Elections	307,300	295,500	180,808	114,692
County Clerk/Register of Deeds	647,800	640,000	628,293	11,707
Resource Development	58,600	58,900	57,566	1,334
Finance	1,168,200	1,261,500	1,240,603	20,897
Equalization	447,000	433,300	425,545	7,755
Human Resources	649,400	624,700	596,918	27,782
Information Systems	924,200	830,700	809,479	21,221
Prosecuting Attorney	2,321,300	2,192,300	2,181,288	11,012
Treasurer	732,800	730,000	725,182	4,818
Building and Grounds	2,296,400	2,262,000	2,251,570	10,430
Utilities	1,089,100	1,089,100	1,007,187	81,913
Security	568,600	538,300	520,836	17,464
Drain Commissioner	280,200	284,700	242,283	42,417
Soil Erosion and Sedimentation Control	86,800	86,100	82,869	3,231
Planning and Community Development	155,300	156,700	147,381	9,319
Appropriation to SW Michigan First	75,000	525,000	400,000	125,000
<i>Total General Government</i>	<i>11,808,000</i>	<i>12,008,800</i>	<i>11,497,808</i>	<i>510,992</i>

# County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2013</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	\$ 15,669,700	\$ 15,481,800	\$ 15,190,639	\$ 291,161
Animal Services and Enforcement	579,400	542,400	539,955	2,445
Emergency Management	229,400	229,400	203,676	25,724
Adult Probation	50,700	50,700	42,658	8,042
<i>Total Public Safety</i>	<i>16,529,200</i>	<i>16,304,300</i>	<i>15,976,928</i>	<i>327,372</i>
<i>Health and Welfare:</i>				
Human Services Administration	1,018,900	1,034,300	995,508	38,792
Veteran's Affairs	152,000	149,000	148,862	138
Medical Examiner	528,400	528,400	520,178	8,222
Veteran's Burial	104,400	108,100	114,242	(6,142)
Soldier and Sailor Relief	9,800	9,800	13,733	(3,933)
<i>Appropriations to:</i>				
Kalamazoo Community Mental Health and Substance Abuse Services	2,562,200	2,680,400	2,680,329	71
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>5,006,800</i>	<i>5,141,100</i>	<i>5,103,952</i>	<i>37,148</i>
<i>Recreation and Culture - MSU Extension</i>	<i>300,100</i>	<i>300,800</i>	<i>297,682</i>	<i>3,118</i>
<i>Other:</i>				
Budget Stabilization	2,500,000	2,500,000	-	2,500,000
Contingencies	200,500	1,143,200	-	1,143,200
Reserves	40,000	288,700	1,661	287,039
At-Large Drains	7,800	7,800	8,648	(848)
DD/MI/Other Personnel Costs	118,200	-	-	-
Insurance and Surety Bonds	728,600	728,600	834,261	(105,661)
Strategic Issues	15,000	300,000	268,928	31,072
<i>Total Other</i>	<i>3,610,100</i>	<i>4,968,300</i>	<i>1,113,498</i>	<i>3,854,802</i>
<i>Capital Outlay</i>	<i>750,000</i>	<i>1,882,900</i>	<i>949,685</i>	<i>933,215</i>
<b>Total Expenditures</b>	<b>51,640,400</b>	<b>53,898,100</b>	<b>47,963,606</b>	<b>5,934,494</b>
<b>Excess of Revenues Over Expenditures</b>	<b>8,488,100</b>	<b>6,754,800</b>	<b>8,927,261</b>	<b>2,172,461</b>

# County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2013</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Other Financing Sources (Uses):</b>				
<i>Transfers In:</i>				
Non-Departmental Revenue	\$ -	\$ -	\$ 993	\$ 993
Accommodation Tax Fund	32,200	34,200	34,990	790
Internal Delinquent Tax Revolving Fund	1,800,000	1,800,000	1,800,000	-
Tax Reversion Fund	110,000	110,000	110,000	-
Wireless Emergency Fund	180,000	180,000	180,000	-
Veterans' Trust Fund	9,000	6,000	6,000	-
HCAO Fund	-	2,200	2,200	-
<b>Total Transfers In</b>	<b>2,131,200</b>	<b>2,132,400</b>	<b>2,134,183</b>	<b>1,783</b>
<i>Transfers Out:</i>				
Parks and Recreation Fund	(205,700)	(208,000)	(183,442)	24,558
Friend of the Court Fund	(943,000)	(925,400)	(915,503)	9,897
GCPI	(4,000,900)	(4,000,900)	(3,900,900)	100,000
Health Fund	(2,252,400)	(1,946,500)	(1,740,254)	206,246
Law Library Fund	(42,800)	(42,800)	(42,193)	607
Area Agency on Aging Fund	(200,000)	(200,000)	(200,000)	-
Child Care Probate Fund	(3,420,200)	(3,379,100)	(2,896,145)	482,955
Judicial Special Grants Fund	(137,500)	(237,500)	(284,042)	(46,542)
Airport	-	-	(79,391)	(79,391)
<b>Total Transfers Out</b>	<b>(11,202,500)</b>	<b>(10,940,200)</b>	<b>(10,241,870)</b>	<b>698,330</b>
<b>Total Other Financing Uses</b>	<b>(9,071,300)</b>	<b>(8,807,800)</b>	<b>(8,107,687)</b>	<b>700,113</b>
<b>Net Change in Fund Balance</b>	<b>\$ (583,200)</b>	<b>\$ (2,053,000)</b>	<b>\$ 819,574</b>	<b>\$ 2,872,574</b>

## 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.

*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.

*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.

# County of Kalamazoo, Michigan

## Nonmajor Governmental Funds

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### Special Revenue Funds (concluded)

*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)

*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 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.

*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.

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

# County of Kalamazoo, Michigan

## Nonmajor Governmental Funds Combining Balance Sheet

<i>December 31, 2013</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Other Governmental</i>
<b>Assets:</b>				
Cash	\$ 4,272,342	\$ 564,981	\$ 28,811	\$ 4,866,134
Investments	806,801	-	-	806,801
Receivables:				
Accounts	99,164	-	171,080	270,244
Taxes	-	1,530,251	-	1,530,251
Due from other governmental units	2,743,152	-	-	2,743,152
Prepays	112,330	-	-	112,330
<b>Total Assets</b>	<b>\$ 8,033,789</b>	<b>\$2,095,232</b>	<b>\$199,891</b>	<b>\$ 10,328,912</b>
 <b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>				
<b>Liabilities:</b>				
Checks issued against future deposits	\$ 1,755,940	\$ -	\$ -	\$ 1,755,940
Accounts payable	749,985	896	-	750,881
Due to governmental units	56,767	-	-	56,767
Accrued liabilities	451,943	-	-	451,943
Advances from other funds	-	-	171,080	171,080
Unearned revenue	453,948	-	-	453,948
<b>Total Liabilities</b>	<b>3,468,583</b>	<b>896</b>	<b>171,080</b>	<b>3,640,559</b>
 <b>Deferred Inflows of Resources -</b>				
Debt levy	-	1,809,126	-	1,809,126
 <b>Fund Balance:</b>				
Nonspendable	112,330	-	-	112,330
Restricted	4,534,629	285,210	28,811	4,848,650
Committed	14,846	-	-	14,846
Unassigned	(96,599)	-	-	(96,599)
<b>Fund Balance</b>	<b>4,565,206</b>	<b>285,210</b>	<b>28,811</b>	<b>4,879,227</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 8,033,789</b>	<b>\$2,095,232</b>	<b>\$199,891</b>	<b>\$ 10,328,912</b>

# County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2013</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Other Governmental</i>
<b>Revenues:</b>				
Taxes	\$2,444,956	\$1,756,514	\$ -	\$ 4,201,470
Federal grants	17,329,387	-	-	17,329,387
State grants	7,055,011	-	-	7,055,011
Local unit contributions	3,349	1,071,780	-	1,075,129
Donations and contributions	910,231	-	-	910,231
Charges for services	1,949,725	-	-	1,949,725
Interest and rents	9,211	358	54	9,623
Other	77,488	59,581	109,052	246,121
<b>Total Revenues</b>	<b>29,779,358</b>	<b>2,888,233</b>	<b>109,106</b>	<b>32,776,697</b>
<b>Expenditures:</b>				
Current:				
Judicial	4,786,062	-	-	4,786,062
Public safety	1,484,182	-	-	1,484,182
Public works	118,528	-	-	118,528
Health and welfare	23,255,641	-	-	23,255,641
Recreation and culture	3,633,134	-	-	3,633,134
Other	285,826	-	-	285,826
Community Economic Development	162,897	-	-	162,897
Debt service:				
Principal	-	1,755,000	-	1,755,000
Interest and other charges	-	1,367,857	-	1,367,857
Capital outlay	103,277	-	124,674	227,951
<b>Total Expenditures</b>	<b>33,829,547</b>	<b>3,122,857</b>	<b>124,674</b>	<b>37,077,078</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(4,050,189)</b>	<b>(234,624)</b>	<b>(15,568)</b>	<b>(4,300,381)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	4,894,966	281,802	-	5,176,768
Transfers out	(620,550)	-	(33,500)	(654,050)
<b>Total Other Financing Sources (Uses)</b>	<b>4,274,416</b>	<b>281,802</b>	<b>(33,500)</b>	<b>4,522,718</b>
<b>Net Change in Fund Balance</b>	<b>224,227</b>	<b>47,178</b>	<b>(49,068)</b>	<b>222,337</b>
<b>Fund Balance, beginning of year</b>	<b>4,340,979</b>	<b>238,032</b>	<b>77,879</b>	<b>4,656,890</b>
<b>Fund Balance, end of year</b>	<b>\$4,565,206</b>	<b>\$ 285,210</b>	<b>\$ 28,811</b>	<b>\$ 4,879,227</b>

# County of Kalamazoo, Michigan

## Nonmajor Special Revenue Funds Combining Balance Sheet

<i>Special Revenue</i>										
<i>December 31, 2013</i>	<i>Parks and Recreation</i>	<i>Friend of the Court</i>	<i>Accommodation Tax</i>	<i>Area Agency on Aging</i>	<i>Child Care Probate</i>	<i>Veterans' Trust</i>	<i>Community Healthy Start</i>	<i>HIV/AIDS Consortium</i>		
<b>Assets:</b>										
Cash	\$ 79,385	\$ -	\$ 411,691	\$ -	\$ -	\$ 10,193	\$ -	\$ 37,071		
Investments	-	-	-	-	-	-	-	-		
Accounts receivable	40,729	-	-	12,441	-	-	16,322	-		
Due from other governmental units	-	335,028	-	323,285	884,278	-	189,051	-		
Prepays	3,873	226	-	3,610	92,500	-	1,025	-		
<b>Total Assets</b>	<b>\$ 123,987</b>	<b>\$ 335,254</b>	<b>\$ 411,691</b>	<b>\$ 339,336</b>	<b>\$ 976,778</b>	<b>\$ 10,193</b>	<b>\$ 206,398</b>	<b>\$ 37,071</b>		
 <b>Liabilities and Fund Balance</b>										
<b>Liabilities:</b>										
Checks issued against future deposits	\$ -	\$ 232,679	\$ -	\$ 202,941	\$ 708,073	\$ -	\$ 165,128	\$ -		
Accounts payable	8,191	8,329	143,355	68,813	111,464	2,044	6,875	21,316		
Due to governmental units	-	-	-	-	-	-	-	15,755		
Accrued liabilities	28,282	94,246	-	13,172	157,241	-	14,820	-		
Unearned revenues	87,514	-	-	2,112	-	8,149	471	-		
<b>Total Liabilities</b>	<b>123,987</b>	<b>335,254</b>	<b>143,355</b>	<b>287,038</b>	<b>976,778</b>	<b>10,193</b>	<b>187,294</b>	<b>37,071</b>		
 <b>Fund Balance:</b>										
Nonspendable	3,873	226	-	3,610	92,500	-	1,025	-		
Restricted	-	-	268,336	48,688	-	-	18,079	-		
Committed	-	-	-	-	-	-	-	-		
Unassigned	(3,873)	(226)	-	-	(92,500)	-	-	-		
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>268,336</b>	<b>52,298</b>	<b>-</b>	<b>-</b>	<b>19,104</b>	<b>-</b>		
<b>Total Liabilities and Fund Balance</b>	<b>\$ 123,987</b>	<b>\$ 335,254</b>	<b>\$ 411,691</b>	<b>\$ 339,336</b>	<b>\$ 976,778</b>	<b>\$ 10,193</b>	<b>\$ 206,398</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>
\$ 247,005	\$ 270	\$ 202,882	\$ 1,107,116	\$ 5,051	\$ 1,352,692	\$ 166,661	\$ 652,325	\$ 4,272,342
-	-	-	-	-	-	-	806,801	806,801
-	-	16,161	5,771	-	7,740	-	-	99,164
109,953	-	324,397	233,878	54,739	288,543	-	-	2,743,152
2,979	-	-	125	-	7,992	-	-	112,330
\$ 359,937	\$ 270	\$ 543,440	\$ 1,346,890	\$ 59,790	\$ 1,656,967	\$ 166,661	\$ 1,459,126	\$ 8,033,789
\$ -	\$ -	\$ 173,030	\$ 103,349	\$ 10,084	\$ 160,656	\$ -	\$ -	\$ 1,755,940
24,439	270	139,212	69,815	46,884	36,546	25,469	36,963	749,985
5,385	-	11,454	15,647	2,363	6,163	-	-	56,767
17,257	-	36,209	6,017	-	83,290	-	1,409	451,943
13,732	-	92,398	25,582	22	223,968	-	-	453,948
60,813	270	452,303	220,410	59,353	510,623	25,469	38,372	3,468,583
2,979	-	-	125	-	7,992	-	-	112,330
296,145	-	91,137	1,126,355	437	1,138,352	141,192	1,405,908	4,534,629
-	-	-	-	-	-	-	14,846	14,846
-	-	-	-	-	-	-	-	(96,599)
299,124	-	91,137	1,126,480	437	1,146,344	141,192	1,420,754	4,565,206
\$ 359,937	\$ 270	\$ 543,440	\$ 1,346,890	\$ 59,790	\$ 1,656,967	\$ 166,661	\$ 1,459,126	\$ 8,033,789

*Special Revenue*

<i>Year Ended</i> <i>December 31, 2013</i>	<i>Parks and Recreation</i>	<i>Friend of the Court</i>	<i>Accom- modation Tax</i>	<i>Law Library</i>	<i>Area Agency on Aging</i>	<i>Child Care Probate</i>	<i>Veterans' Trust</i>	<i>Community Healthy Start</i>
<b>Revenues:</b>								
Taxes	\$ -	\$ -	\$ 2,336,688	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	2,096,423	-	-	781,325	90,855	-	618,456
State grants	-	-	-	-	325,901	3,382,653	72,188	45,864
Local unit contributions	-	-	-	-	-	2,850	-	-
Donations and contributions	422,215	-	-	-	7,310	4,086	-	25,706
Charges for services	985,623	65,277	-	-	44,957	60,091	-	-
Interest	14,252	-	-	-	-	-	-	-
Other	37,570	50	-	6,500	1,258	25	-	90
<b>Total Revenues</b>	<b>1,459,660</b>	<b>2,161,750</b>	<b>2,336,688</b>	<b>6,500</b>	<b>1,160,751</b>	<b>3,540,560</b>	<b>72,188</b>	<b>690,116</b>
<b>Expenditures:</b>								
<b>Current:</b>								
Judicial	-	3,097,253	-	48,693	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	1,258,717	6,603,523	66,188	671,078
Recreation and culture	1,713,984	-	1,919,150	-	-	-	-	-
Comm./Econ. Development	-	-	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	10,000	-	-
Capital outlay	22,800	-	-	-	-	5,382	-	-
<b>Total Expenditures</b>	<b>1,736,784</b>	<b>3,097,253</b>	<b>1,919,150</b>	<b>48,693</b>	<b>1,258,717</b>	<b>6,618,905</b>	<b>66,188</b>	<b>671,078</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(277,124)</b>	<b>(935,503)</b>	<b>417,538</b>	<b>(42,193)</b>	<b>(97,966)</b>	<b>(3,078,345)</b>	<b>6,000</b>	<b>19,038</b>
<b>Other Financing Sources (Uses):</b>								
Transfers in	301,682	935,503	-	42,193	91,635	3,078,345	-	-
Transfers out	(24,558)	-	(401,531)	-	-	-	(6,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>277,124</b>	<b>935,503</b>	<b>(401,531)</b>	<b>42,193</b>	<b>91,635</b>	<b>3,078,345</b>	<b>(6,000)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>16,007</b>	<b>-</b>	<b>(6,331)</b>	<b>-</b>	<b>-</b>	<b>19,038</b>
<b>Fund Balance, beginning of year</b>	<b>-</b>	<b>-</b>	<b>252,329</b>	<b>-</b>	<b>58,629</b>	<b>-</b>	<b>-</b>	<b>66</b>
<b>Fund Balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 268,336</b>	<b>\$ -</b>	<b>\$ 52,298</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,104</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>Head</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>Start</i>	<i>Special</i>	<i>Safety</i>	<i>Works</i>	<i>Welfare</i>	<i>Economic</i>	<i>Outlay</i>	<i>Special</i>
			<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Revenue</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,268	\$ -	\$ 2,444,956
-	7,100,721	2,952,262	734,846	293,609	42,025	2,618,865	-	-	17,329,387
433,657	508,997	-	421,189	653,194	76,325	1,135,043	-	-	7,055,011
-	-	-	499	-	-	-	-	-	3,349
-	-	-	111,958	2,250	-	276,695	-	60,011	910,231
271,522	-	-	97,029	78,489	-	90,287	4,500	251,950	1,949,725
-	-	-	-	-	-	(7,180)	-	2,139	9,211
-	-	10,109	-	11,736	-	10,150	-	-	77,488
<b>705,179</b>	<b>7,609,718</b>	<b>2,962,371</b>	<b>1,365,521</b>	<b>1,039,278</b>	<b>118,350</b>	<b>4,123,860</b>	<b>112,768</b>	<b>314,100</b>	<b>29,779,358</b>
-	-	-	1,640,116	-	-	-	-	-	4,786,062
707,955	-	-	-	776,227	-	-	-	-	1,484,182
-	-	-	-	-	118,528	-	-	-	118,528
-	7,609,718	2,969,601	-	-	-	4,076,816	-	-	23,255,641
-	-	-	-	-	-	-	-	-	3,633,134
-	-	-	-	-	-	-	162,897	-	162,897
-	-	-	-	-	-	-	-	275,826	285,826
-	-	-	-	35,303	-	-	-	39,792	103,277
<b>707,955</b>	<b>7,609,718</b>	<b>2,969,601</b>	<b>1,640,116</b>	<b>811,530</b>	<b>118,528</b>	<b>4,076,816</b>	<b>162,897</b>	<b>315,618</b>	<b>33,829,547</b>
(2,776)	-	(7,230)	(274,595)	227,748	(178)	47,044	(50,129)	(1,518)	(4,050,189)
-	-	6,260	284,042	22,383	-	108,365	-	24,558	4,894,966
-	-	-	-	(180,000)	-	(8,461)	-	-	(620,550)
-	-	6,260	284,042	(157,617)	-	99,904	-	24,558	4,274,416
(2,776)	-	(970)	9,447	70,131	(178)	146,948	(50,129)	23,040	224,227
301,900	-	970	81,690	1,056,349	615	999,396	191,321	1,397,714	4,340,979
<b>\$ 299,124</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 91,137</b>	<b>\$ 1,126,480</b>	<b>\$ 437</b>	<b>\$ 1,146,344</b>	<b>\$ 141,192</b>	<b>\$ 1,420,754</b>	<b>\$ 4,565,206</b>

# County of Kalamazoo, Michigan

## Nonmajor Debt Service Funds Combining Balance Sheet

	<i>Debt Service</i>		
<i>December 31, 2013</i>	<i>2007 Juvenile Home Bond Fund</i>	<i>2008 Townline Drain Bond Fund</i>	<i>Total Debt Service</i>
<b>Assets:</b>			
Cash	\$ 465,846	\$ 99,135	\$ 564,981
Taxes receivable	1,530,251	-	1,530,251
<b>Total Assets</b>	<b>\$1,996,097</b>	<b>\$ 99,135</b>	<b>\$ 2,095,232</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>			
<b>Liabilities -</b>			
Accounts payable	\$ 896	\$ -	\$ 896
<b>Deferred Inflows of Resources -</b>			
Debt levy	1,809,126	-	1,809,126
<b>Fund Balance -</b>			
Restricted	186,075	99,135	285,210
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$1,996,097</b>	<b>\$ 99,135</b>	<b>\$ 2,095,232</b>

*Debt Service*

<i>Year Ended December 31, 2013</i>	<i>1982 Water Supply System No. 1 Bonds</i>	<i>1996 Sewage Disposal System No. 7 Bonds</i>	<i>2001 Cooper Township Sanitary Sewage Disposal System Bonds</i>	<i>2004 Texas Township Sewage Disposal System Refunding Bonds</i>
<b>Revenues:</b>				
Interest and rents	\$ -	\$ -	\$ -	\$ -
Local unit contributions	18,875	146,231	148,673	214,200
Taxes	-	-	-	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>18,875</b>	<b>146,231</b>	<b>148,673</b>	<b>214,200</b>
<b>Expenditures:</b>				
Principal retirement	15,000	125,000	130,000	210,000
Interest and fiscal charges	3,875	21,231	22,134	4,200
<b>Total Expenditures</b>	<b>18,875</b>	<b>146,231</b>	<b>152,134</b>	<b>214,200</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>(3,461)</b>	<b>-</b>
<b>Other Financing Sources -</b>				
Transfer in	-	-	-	-
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(3,461)</b>	<b>-</b>
<b>Fund Balance, beginning of year</b>	<b>-</b>	<b>-</b>	<b>3,461</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# County of Kalamazoo, Michigan

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

<i>2005 Comstock Sewage Disposal</i>	<i>2005 Village of Augusta Water Supply</i>	<i>2007 Juvenile Home Bond Fund</i>	<i>2008 Townline Drain Bond Fund</i>	<i>2010 Indian Lake/ Pickerel Lake Sewage Disposal System Bonds</i>	<i>2011 Expo Center Improvements</i>	<i>Total Debt Service</i>
\$ -	\$ -	\$ 321	\$ 37	\$ -	\$ -	\$ 358
172,975	45,976	-	-	324,850	-	1,071,780
-	-	1,756,514	-	-	-	1,756,514
-	-	-	59,581	-	-	59,581
172,975	45,976	1,756,835	59,618	324,850	-	2,888,233
170,000	35,000	600,000	40,000	270,000	160,000	1,755,000
2,975	10,976	1,148,312	11,003	54,850	88,301	1,367,857
172,975	45,976	1,748,312	51,003	324,850	248,301	3,122,857
-	-	8,523	8,615	-	(248,301)	(234,624)
-	-	33,501	-	-	248,301	281,802
-	-	42,024	8,615	-	-	47,178
-	-	144,051	90,520	-	-	238,032
\$ -	\$ -	\$ 186,075	\$ 99,135	\$ -	\$ -	\$ 285,210

# County of Kalamazoo, Michigan

## Nonmajor Capital Projects Funds Combining Balance Sheet

<i>December 31, 2013</i>	<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 Level Revolving Fund</i>	
<b>Assets:</b>					
Cash	\$ -	\$ -	\$ 28,811	\$ -	\$ 28,811
Accounts receivable	-	163,048	-	8,032	171,080
<b>Total Assets</b>	\$ -	\$ 163,048	\$ 28,811	\$ 8,032	\$ 199,891
<b>Liabilities and Fund Balance</b>					
<b>Liabilities -</b>					
Advance from other funds	\$ -	\$ 163,048	\$ -	\$ 8,032	\$ 171,080
<b>Fund Balance -</b>					
Restricted	-	-	28,811	-	28,811
<b>Total Liabilities and Fund Balance</b>	\$ -	\$ 163,048	\$ 28,811	\$ 8,032	\$ 199,891

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2013</i>	<i>Capital Projects</i>		<i>Total Capital Projects</i>
	<i>Juvenile Home Building Project</i>	<i>Oshtemo Township Water Supply System Construction</i>	
Revenues:			
Interest	\$ 54	\$ -	\$ 54
Other	109,052	-	109,052
<b>Total Revenues</b>	<b>109,106</b>	<b>-</b>	<b>109,106</b>
Expenditures-			
Capital outlay	124,674	-	124,674
Deficiency of Revenues Over Expenditures	(15,568)	-	(15,568)
Other Financing Uses -			
Transfers out	(33,500)	-	(33,500)
Net Change in Fund Balance	(49,068)	-	(49,068)
Fund Balance, beginning of year	49,068	28,811	77,879
Fund Balance, end of year	\$ -	\$ 28,811	\$ 28,811

# 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, 2013</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	\$ 427,700	\$ 441,700	\$ 422,215	\$ (19,485)
Charges for services	851,200	952,700	985,623	32,923
Interest and rents	8,500	14,500	14,252	(248)
Other	-	33,100	37,570	4,470
<b>Total Revenues</b>	<b>1,287,400</b>	<b>1,442,000</b>	<b>1,459,660</b>	<b>17,660</b>
<b>Expenditures:</b>				
Recreation and culture	1,577,700	1,756,700	1,713,984	42,716
Capital outlay	10,000	10,000	22,800	(12,800)
<b>Total Expenditures</b>	<b>1,587,700</b>	<b>1,766,700</b>	<b>1,736,784</b>	<b>29,916</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(300,300)</b>	<b>(324,700)</b>	<b>(277,124)</b>	<b>47,576</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	205,700	208,000	183,442	(24,558)
Accommodation Tax Fund	94,600	116,700	118,240	1,540
Transfers out -				
Parks Improvement Fund	-	-	(24,558)	(24,558)
<b>Total Other Financing Sources</b>	<b>300,300</b>	<b>324,700</b>	<b>277,124</b>	<b>(47,576)</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, 2013</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	\$2,094,000	\$2,106,000	\$2,096,423	\$ (9,577)
Charges for services	73,600	73,600	65,277	(8,323)
Other	-	-	50	50
<b>Total Revenues</b>	<b>2,167,600</b>	<b>2,179,600</b>	<b>2,161,750</b>	<b>(17,850)</b>
<b>Expenditures -</b>				
Judicial	3,130,600	3,125,000	3,097,253	27,747
<b>Deficiency of Revenues Over Expenditures</b>	<b>(963,000)</b>	<b>(945,400)</b>	<b>(935,503)</b>	<b>9,897</b>
<b>Other Financing Sources -</b>				
Transfers in:				
General Fund	943,000	925,400	915,503	(9,897)
Law Enforcement Fund	20,000	20,000	20,000	-
<b>Total Other Financing Sources</b>	<b>963,000</b>	<b>945,400</b>	<b>935,503</b>	<b>(9,897)</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, 2013</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues -</b>				
Taxes	\$2,145,000	\$2,280,000	\$2,336,688	\$ 56,688
<b>Expenditures -</b>				
Recreation and culture	1,771,000	1,885,800	1,919,150	(33,350)
<b>Excess of Revenues Over Expenditures</b>	374,000	394,200	417,538	23,338
<b>Other Financing Uses -</b>				
Transfers out:				
General Fund	(32,200)	(34,200)	(34,991)	(791)
Expo Center Debt Service	(247,200)	(248,300)	(248,300)	-
Parks and Recreation Fund	(94,600)	(116,700)	(118,240)	1,540
<b>Total Other Financing Uses</b>	(374,000)	(399,200)	(401,531)	(2,331)
<b>Net Change in Fund Balance</b>	-	(5,000)	16,007	21,007
<b>Fund Balance, beginning of year</b>	252,329	252,329	252,329	-
<b>Fund Balance, end of year</b>	\$ 252,329	\$ 247,329	\$ 268,336	\$ 21,007

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, 2013</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	49,300	49,300	48,693	607
Deficiency of Revenues Over Expenditures	(42,800)	(42,800)	(42,193)	607
Other Financing Sources -				
Transfers in - General Fund	42,800	42,800	42,193	(607)
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, 2013</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	\$ -	\$ 805,551	\$ 781,325	\$ (24,226)
State grants	-	363,032	325,901	(37,131)
Donations and contributions	-	17,634	7,310	(10,324)
Charges for services	-	36,700	44,957	8,257
Other	-	16,534	1,258	(15,276)
<b>Total Revenues</b>	-	1,239,451	1,160,751	(78,700)
<b>Expenditures -</b>				
Health and welfare	-	1,319,828	1,258,717	61,111
<b>Deficiency of Revenues Over Expenditures</b>	-	(80,377)	(97,966)	(17,589)
<b>Other Financing Sources -</b>				
Transfers in - General Fund	-	80,377	91,635	11,258
<b>Net Change in Fund Balance</b>	-	-	(6,331)	(6,331)
<b>Fund Balance, beginning of year</b>	58,629	58,629	58,629	-
<b>Fund Balance, end of year</b>	\$ 58,629	\$ 58,629	\$ 52,298	\$ (6,331)

# 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, 2013</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	\$ 75,000	\$ 75,000	\$ 90,855	\$ 15,855
State grants	3,439,000	3,409,100	3,382,653	(26,447)
Local unit contributions	43,000	8,000	2,850	(5,150)
Charges for services	23,700	60,500	60,091	(409)
Donations and contributions	-	1,300	4,086	2,786
Other	-	-	25	25
<b>Total Revenues</b>	<b>3,580,700</b>	<b>3,553,900</b>	<b>3,540,560</b>	<b>(13,340)</b>
<b>Expenditures:</b>				
Health and welfare	7,173,100	7,105,200	6,603,523	501,677
Other expenditures	10,000	10,000	10,000	-
Capital outlay	-	-	5,382	(5,382)
<b>Total Expenditures</b>	<b>7,183,100</b>	<b>7,115,200</b>	<b>6,618,905</b>	<b>496,295</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(3,602,400)</b>	<b>(3,561,300)</b>	<b>(3,078,345)</b>	<b>482,955</b>
<b>Other Financing Sources -</b>				
Transfers in:				
General Fund	3,420,200	3,379,100	2,896,145	(482,955)
Law Enforcement Fund	182,200	182,200	182,200	-
<b>Total Other Financing Sources</b>	<b>3,602,400</b>	<b>3,561,300</b>	<b>3,078,345</b>	<b>(482,955)</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, 2013</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
State grants	\$ 27,400	\$ 71,000	\$ 72,188	\$ 1,188
Expenditures -				
Health and welfare	18,400	65,000	66,188	(1,188)
Excess of Revenues Over Expenditures	9,000	6,000	6,000	-
Other Financing Uses -				
Transfers out - General Fund	(9,000)	(6,000)	(6,000)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

## 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, 2013</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	\$ -	\$ 576,240	\$ 618,456	\$ 42,216
State grants	-	44,200	45,864	1,664
Donations and contributions	-	540	25,706	25,166
Other	-		90	90
<b>Total Revenues</b>	-	620,980	690,116	69,136
<b>Expenditures -</b>				
Health and welfare	-	670,980	671,078	(98)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	(50,000)	19,038	30,962
<b>Other Financing Sources -</b>				
Transfers in - General Fund	-	50,000	-	(50,000)
<b>Net Change in Fund Balance</b>	-	-	19,038	(19,038)
<b>Fund Balance, beginning of year</b>	66	66	66	-
<b>Fund Balance, end of year</b>	\$ 66	\$ 66	\$ 19,104	\$ (19,038)

## 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, 2013</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	\$ -	\$ 430,207	\$ 433,657	\$ 3,450
Charges for services	-	299,100	271,522	(27,578)
<b>Total Revenues</b>	-	729,307	705,179	(24,128)
<b>Expenditures -</b>				
Public safety	-	729,307	707,955	21,352
<b>Net Change in Fund Balance</b>	-	-	(2,776)	(2,776)
<b>Fund Balance, beginning of year</b>	301,900	301,900	301,900	-
<b>Fund Balance, end of year</b>	\$ 301,900	\$ 301,900	\$ 299,124	\$ (2,776)

## 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, 2013</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	\$ -	\$ 8,890,644	\$ 7,100,721	\$ (1,789,923)
State grants	-	-	508,997	508,997
<b>Total Revenues</b>	-	8,890,644	7,609,718	(1,280,926)
<b>Expenditures -</b>				
Health and welfare	-	8,890,644	7,609,718	1,280,926
<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, 2013</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	\$ -	\$ 8,652,250	\$ 2,952,262	\$ (5,699,988)
Other	-	-	10,109	10,109
<b>Total Revenues</b>	-	8,652,250	2,962,371	(5,689,879)
<b>Expenditures -</b>				
Health and welfare	-	8,658,510	2,969,601	5,688,909
<b>Total Expenditures</b>	-	8,658,510	2,969,601	5,688,909
Deficiency of Revenues Over Expenditures	-	(6,260)	(7,230)	(970)
<b>Other Financing Sources -</b>				
Transfers in - General Fund	-	6,260	6,260	-
<b>Net Change in Fund Balance</b>	-	-	(970)	(970)
<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, 2013</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	\$ -	\$ 837,178	\$ 734,846	\$ (102,332)
State grants	-	495,202	421,189	(74,013)
Local unit contributions	-	-	499	499
Donations and contributions	-	235,979	111,958	(124,021)
Charges for services	-	64,000	97,029	33,029
<b>Total Revenues</b>	-	1,632,359	1,365,521	(266,838)
<b>Expenditures -</b>				
Judicial	-	1,912,405	1,640,116	272,289
<b>Deficiency of Revenues Over Expenditures</b>	-	(280,046)	(274,595)	5,451
<b>Other Financing Sources -</b>				
Transfers in - General Fund	-	280,046	284,042	3,996
<b>Net Change in Fund Balance</b>	-	-	9,447	9,447
<b>Fund Balance, beginning of year</b>	81,690	81,690	81,690	-
<b>Fund Balance, end of year</b>	\$ 81,690	\$ 81,690	\$ 91,137	\$ 9,447

## 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, 2013</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	\$ -	\$ 226,093	\$ 293,609	\$ 67,516
State grants	461,500	646,400	653,194	6,794
Donations and contributions	-	3,750	2,250	(1,500)
Charges for services	75,000	84,600	78,489	(6,111)
Other	10,000	10,000	11,736	1,736
<b>Total Revenues</b>	<b>546,500</b>	<b>970,843</b>	<b>1,039,278</b>	<b>68,435</b>
<b>Expenditures:</b>				
Public safety	360,136	746,568	776,227	(29,659)
Capital outlay	6,364	69,034	35,303	33,731
<b>Total Expenditures</b>	<b>366,500</b>	<b>815,602</b>	<b>811,530</b>	<b>4,072</b>
<b>Excess of Revenues Over Expenditures</b>	<b>180,000</b>	<b>155,241</b>	<b>227,748</b>	<b>72,507</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in - General Fund	-	24,759	22,383	(2,376)
Transfers out - General Fund	-	(180,000)	(180,000)	-
<b>Total Other Financing Uses</b>	<b>-</b>	<b>(155,241)</b>	<b>(157,617)</b>	<b>(2,376)</b>
<b>Net Change in Fund Balance</b>	<b>180,000</b>	<b>-</b>	<b>70,131</b>	<b>70,131</b>
<b>Fund Balance, beginning of year</b>	<b>1,056,349</b>	<b>1,056,349</b>	<b>1,056,349</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$1,236,349</b>	<b>\$1,056,349</b>	<b>\$1,126,480</b>	<b>\$ 70,131</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, 2013</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	\$ -	\$117,703	\$42,025	\$ (75,678)
State grants	-	81,292	76,325	(4,967)
Other revenues	700	700	-	(700)
<b>Total Revenues</b>	<b>700</b>	<b>199,695</b>	<b>118,350</b>	<b>(81,345)</b>
<b>Expenditures -</b>				
Public works	700	199,695	118,528	81,167
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(178)</b>	<b>(178)</b>
<b>Fund Balance, beginning of year</b>	<b>615</b>	<b>615</b>	<b>615</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 615</b>	<b>\$ 615</b>	<b>\$ 437</b>	<b>\$ (178)</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, 2013</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	\$ -	\$ 2,478,844	\$ 2,618,865	\$ 140,021
State grants	-	1,860,279	1,135,043	(725,236)
Donations and contributions	-	268,500	276,695	8,195
Charges for services	-	58,472	90,287	31,815
Interest and rents	-	-	(7,180)	(7,180)
Other	-	45,599	10,150	(35,449)
<b>Total Revenues</b>	<b>-</b>	<b>4,711,694</b>	<b>4,123,860</b>	<b>(587,834)</b>
<b>Expenditure -</b>				
Health and welfare	-	4,838,242	4,076,816	761,426
<b>Total Expenditures</b>	<b>-</b>	<b>4,838,242</b>	<b>4,076,816</b>	<b>761,426</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>(126,548)</b>	<b>47,044</b>	<b>173,592</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in -				
General Fund	-	128,748	108,365	(20,383)
Transfers out:				
General Fund	-	(2,200)	(2,200)	-
Head Start	-	-	(6,261)	(6,261)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>126,548</b>	<b>99,904</b>	<b>(26,644)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>146,948</b>	<b>146,948</b>
<b>Fund Balance, beginning of year</b>	<b>999,396</b>	<b>999,396</b>	<b>999,396</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 999,396</b>	<b>\$ 999,396</b>	<b>\$ 1,146,344</b>	<b>\$ 146,948</b>

## 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, 2013</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	\$ -	\$ 41,200	\$ -	\$ (41,200)
Donations and contributions	-	87,400	60,011	(27,389)
Charges for services	250,000	250,000	251,950	1,950
Interest and revenues	10,000	10,000	2,139	(7,861)
<b>Total Revenues</b>	<b>260,000</b>	<b>388,600</b>	<b>314,100</b>	<b>(74,500)</b>
<b>Expenditures:</b>				
Other	566,200	652,400	275,826	376,574
Capital outlay	20,000	62,400	39,792	22,608
<b>Total Expenditures</b>	<b>586,200</b>	<b>714,800</b>	<b>315,618</b>	<b>399,182</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>(1,518)</b>	<b>(1,518)</b>
<b>Other Financing Sources -</b>				
Transfers in - Parks and Recreation Fund	-	-	24,558	24,558
<b>Net Change in Fund Balance</b>	<b>(326,200)</b>	<b>(326,200)</b>	<b>23,040</b>	<b>349,240</b>
<b>Fund Balance, beginning of year</b>	<b>1,397,714</b>	<b>1,397,714</b>	<b>1,397,714</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$1,071,514</b>	<b>\$1,071,514</b>	<b>\$1,420,754</b>	<b>\$ 349,240</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, 2013</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Taxes	\$ 100,000	\$ 108,600	\$ 108,268	\$ (332)
Charges for service	7,500	7,500	4,500	(3,000)
Other	20,900	68,200	-	(68,200)
<b>Total Revenues</b>	<b>128,400</b>	<b>184,300</b>	<b>112,768</b>	<b>(71,532)</b>
<b>Expenditures -</b>				
Community Economic Development	128,400	184,300	162,897	21,403
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(50,129)</b>	<b>(50,129)</b>
<b>Fund Balance, beginning of year</b>	<b>191,321</b>	<b>191,321</b>	<b>191,321</b>	<b>-</b>
<b>Fund Balance, end of year</b>	<b>\$ 191,321</b>	<b>\$ 191,321</b>	<b>\$ 141,192</b>	<b>\$ (50,129)</b>

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## 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, 2013</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	\$ 732,966	\$1,340,750	\$226,470	\$ 83,768	\$ 76	\$ 2,384,030
Investments	7,852,150	-	-	-	-	7,852,150
Accounts receivable	543,878	-	10	2,117	-	546,005
Accrued interest	21,672	-	-	-	-	21,672
Inventories	-	4,654	2,575	98,298	-	105,527
Prepaid items	59,358	81,840	10,768	-	-	151,966
<b>Total Current Assets</b>	<b>9,210,024</b>	<b>1,427,244</b>	<b>239,823</b>	<b>184,183</b>	<b>76</b>	<b>11,061,350</b>
<b>Capital Assets, net of accumulated depreciation</b>						
	115,733	365,920	154,921	19,871	-	656,445
<b>Total Assets</b>	<b>\$9,325,757</b>	<b>\$1,793,164</b>	<b>\$394,744</b>	<b>\$204,054</b>	<b>\$ 76</b>	<b>\$11,717,795</b>
<b>Liabilities and Net Position</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 594,744	\$ 6,431	\$ 31,640	\$ 41,787	\$ 76	\$ 674,678
Accrued liabilities	187,031	18,221	29,192	6,325	-	240,769
Liability for estimated claims	830,159	-	-	-	-	830,159
Deposits payable	43,111	-	-	4,463	-	47,574
Unearned revenues	-	-	14,054	-	-	14,054
<b>Total Liabilities</b>	<b>1,655,045</b>	<b>24,652</b>	<b>74,886</b>	<b>52,575</b>	<b>76</b>	<b>1,807,234</b>
<b>Net Position:</b>						
Net investment in capital assets	115,733	365,920	154,921	19,871	-	656,445
Unrestricted	7,554,979	1,402,592	164,937	131,608	-	9,254,116
<b>Total Net Position</b>	<b>7,670,712</b>	<b>1,768,512</b>	<b>319,858</b>	<b>151,479</b>	<b>-</b>	<b>9,910,561</b>
<b>Total Liabilities and Net Position</b>	<b>\$9,325,757</b>	<b>\$1,793,164</b>	<b>\$394,744</b>	<b>\$204,054</b>	<b>\$ 76</b>	<b>\$11,717,795</b>

## County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2013</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	\$ 20,638,898	\$ 791,714	\$773,985	\$1,054,249	\$ 17,676	\$ 23,276,522
Other	-	-	-	2,827	-	2,827
<b>Total Operating Revenue</b>	<b>20,638,898</b>	<b>791,714</b>	<b>773,985</b>	<b>1,057,076</b>	<b>17,676</b>	<b>23,279,349</b>
<b>Operating Expenses:</b>						
Operating expenses	-	461,378	762,653	1,048,471	17,676	2,290,178
Depreciation and amortization	-	220,316	18,460	2,207	-	240,983
Employee benefits	20,914,871	-	-	-	-	20,914,871
<b>Total Operating Expenses</b>	<b>20,914,871</b>	<b>681,694</b>	<b>781,113</b>	<b>1,050,678</b>	<b>17,676</b>	<b>23,446,032</b>
<b>Operating Income (Loss)</b>	<b>(275,973)</b>	<b>110,020</b>	<b>(7,128)</b>	<b>6,398</b>	<b>-</b>	<b>(166,683)</b>
<b>Transfers Out - General Fund</b>	<b>-</b>	<b>-</b>	<b>(993)</b>	<b>-</b>	<b>-</b>	<b>(993)</b>
<b>Change in Net Position</b>	<b>(275,973)</b>	<b>110,020</b>	<b>(8,121)</b>	<b>6,398</b>	<b>-</b>	<b>(167,676)</b>
<b>Net Position, beginning 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>
<b>Net Position, end of year</b>	<b>\$ 7,670,712</b>	<b>\$1,768,512</b>	<b>\$319,858</b>	<b>\$ 151,479</b>	<b>\$ -</b>	<b>\$ 9,910,561</b>

# County of Kalamazoo, Michigan

## Combining Statement of Cash Flows - Internal Service Funds

<i>Year Ended December 31, 2013</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 Activities:</b>						
Cash received from interfund services provided	\$ 20,640,835	\$ 791,714	\$ 773,988	\$ 1,058,996	\$ 16,909	\$ 23,282,442
Cash paid to employees	(620,471)	(33,366)	(229,958)	(67,596)	(3,012)	(954,403)
Cash paid for interfund services used	(2,382,045)	-	(86,856)	(25,049)	-	(2,493,950)
Cash paid to suppliers	(17,776,938)	(445,406)	(429,246)	(968,406)	(16,909)	(19,636,905)
<b>Cash Provided by (Used in)</b>						
<b>Operating Activities</b>	(138,619)	312,942	27,928	(2,055)	(3,012)	197,184
<b>Cash Used in Investing Activities -</b>						
Purchase of investments	(1,926,208)	-	-	-	-	(1,926,208)
<b>Cash Used in Capital and Related Financing Activities -</b>						
Acquisition of capital assets	-	(109,747)	-	(22,079)	-	(131,826)
<b>Cash Used in Non-Capital Financing Activities -</b>						
Transfers out	-	-	(993)	-	-	(993)
<b>Net Increase (Decrease) in Cash</b>	(2,064,827)	203,195	26,935	(24,134)	(3,012)	(1,861,843)
<b>Cash, beginning of year</b>	2,797,793	1,137,555	199,535	107,902	3,088	4,245,873
<b>Cash, end of year</b>	\$ 732,966	\$ 1,340,750	\$ 226,470	\$ 83,768	\$ 76	\$ 2,384,030
<b>Reconciliation of Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:</b>						
Operating income (loss)	\$ (275,973)	\$ 110,020	\$ (7,128)	\$ 6,398	\$ -	\$ (166,683)
Depreciation and amortization	-	220,316	18,460	2,207	-	240,983
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(8,133)	-	3	1,920	-	(6,210)
Interest receivable	(6,896)	-	-	-	-	(6,896)
Due from other funds	16,966	-	-	-	-	16,966
Inventories	-	(782)	(1,450)	(9,181)	-	(11,413)
Prepaid items	52,257	(17,907)	614	-	-	34,964
Increase (decrease) in:						
Accounts payable	(39,455)	825	3,380	(48)	-	(35,298)
Accrued expenses	5,831	470	(5)	840	(3,012)	4,124
Liability for estimated claims	105,140	-	-	-	-	105,140
Deposits payable	11,644	-	-	(4,191)	-	7,453
Deferred revenue	-	-	14,054	-	-	14,054
<b>Cash Provided by (Used in)</b>						
<b>Operating Activities</b>	\$ (138,619)	\$ 312,942	\$ 27,928	\$ (2,055)	\$ (3,012)	\$ 197,184

## County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2013</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
<b>Revenues:</b>				
Charges for services	\$ 1,117,100	\$ 1,086,300	\$ 1,054,249	\$ (32,051)
Other	-	2,900	2,827	(73)
<b>Total Revenues</b>	<b>1,117,100</b>	<b>1,089,200</b>	<b>1,057,076</b>	<b>(32,124)</b>
<b>Operating Expenses:</b>				
Employment expenses	102,200	102,200	93,957	8,243
Contractual and other	224,500	216,500	210,690	5,810
Supplies	820,100	768,000	743,824	24,176
Depreciation	2,500	2,500	2,207	293
<b>Total Operating Expenses</b>	<b>1,149,300</b>	<b>1,089,200</b>	<b>1,050,678</b>	<b>38,522</b>
<b>Change in Net Position</b>	<b>(32,200)</b>	<b>-</b>	<b>6,398</b>	<b>6,398</b>
<b>Net Position, beginning of year</b>	<b>145,081</b>	<b>145,081</b>	<b>145,081</b>	<b>-</b>
<b>Net Position, end of year</b>	<b>\$ 112,881</b>	<b>\$ 145,081</b>	<b>\$ 151,479</b>	<b>\$ 6,398</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.

*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, 2013</i>	<i>Trust and Agency</i>	<i>Library Trust</i>	<i>Inmates' Trust</i>	<i>Drain Performance Bond</i>	<i>Total</i>
<b>Assets:</b>					
Cash	\$ 1,650,109	\$187,900	\$ 99,306	\$ 117,039	\$ 2,054,354
Investments	2,000,000	-	-	-	2,000,000
Accounts receivable	555	-	-	-	555
<b>Total Assets</b>	<b>\$ 3,650,664</b>	<b>\$187,900</b>	<b>\$ 99,306</b>	<b>\$ 117,039</b>	<b>\$ 4,054,909</b>
<b>Liabilities:</b>					
Due to other governmental units	\$ 1,649,008	\$187,900	\$ -	\$ -	\$ 1,836,908
Other payables	2,001,656	-	99,306	117,039	2,218,001
<b>Total Liabilities</b>	<b>\$ 3,650,664</b>	<b>\$187,900</b>	<b>\$ 99,306</b>	<b>\$ 117,039</b>	<b>\$ 4,054,909</b>

# County of Kalamazoo, Michigan

## Agency Funds Combining Statement of Changes in Assets and Liabilities - Year Ended December 31, 2013

	Balance, January 1, 2013	Additions	Deductions	Balance, December 31, 2013
<b><u>Trust and Agency</u></b>				
<b>Assets:</b>				
Cash	\$ (509,248)	\$125,181,677	\$123,022,320	\$ 1,650,109
Investments	2,000,000	-	-	2,000,000
Accounts receivable	315	2,403	2,163	555
<b>Total Assets</b>	<b>\$ 1,491,067</b>	<b>\$125,184,080</b>	<b>\$123,024,483</b>	<b>\$ 3,650,664</b>
<b>Liabilities:</b>				
Due to other governmental units	\$ 622,568	\$119,273,923	\$120,300,363	\$ 1,649,008
Other payables	868,499	59,873,218	61,006,375	2,001,656
<b>Total Liabilities</b>	<b>\$ 1,491,067</b>	<b>\$179,147,141</b>	<b>\$181,306,738</b>	<b>\$ 3,650,664</b>
<b><u>Library Trust</u></b>				
Assets - Cash	\$ 201,719	\$ 558,595	\$ 572,414	\$ 187,900
Liability - Due to other governmental units	\$ 201,719	\$ 1,130,654	\$ 1,116,835	\$ 187,900
<b><u>Inmates' Trust</u></b>				
Assets - Cash	\$ 252,900	\$ 1,280,022	\$ 1,433,616	\$ 99,306
Liability - Other payables	\$ 252,900	\$ 1,558,793	\$ 1,405,199	\$ 99,306
<b><u>Drain Performance Bond</u></b>				
Assets - Cash	\$ 84,014	\$ 43,775	\$ 10,750	\$ 117,039
Liability - Other payables	\$ 84,014	\$ 27,790	\$ 60,815	\$ 117,039
<b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Cash	\$ 29,385	\$127,064,069	\$125,039,100	\$ 2,054,354
Investments	2,000,000	-	-	2,000,000
Accounts receivable	315	2,403	2,163	555
<b>Total Assets</b>	<b>\$ 2,029,700</b>	<b>\$127,066,472</b>	<b>\$125,041,263</b>	<b>\$ 4,054,909</b>
<b>Liabilities:</b>				
Due to other governmental units	\$ 824,287	\$120,404,577	\$121,417,198	\$ 1,836,908
Other payables	1,205,413	61,459,801	62,472,389	2,218,001
<b>Total Liabilities</b>	<b>\$ 2,029,700</b>	<b>\$181,864,378</b>	<b>\$183,889,587</b>	<b>\$ 4,054,909</b>

## Component Units

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County of Kalamazoo, Michigan

Component Units  
Balance Sheet - At-Large Drains

	<i>Special Revenue</i>
<i>December 31, 2013</i>	<i>At-Large Drains</i>
<b>Assets:</b>	
Cash	\$ 989,924
Receivables-Unlevied Assessments	163,048
<b>Total Assets</b>	<b>\$ 1,152,972</b>
<b>Liabilities:</b>	
Accounts payable	\$ 4,645
Noncurrent Liabilities - Due within one year	163,048
<b>Total Liabilities</b>	<b>167,693</b>
<b>Fund Balance -     Unrestricted</b>	<b>985,279</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,152,972</b>

# County of Kalamazoo, Michigan

## Component Units

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

	<u>Special Revenue</u>
<u>Year Ended December 31, 2013</u>	<u>At-Large Drains</u>
Revenues:	
Interest and rents	\$ 521
Other	135,612
<hr/>	
Total Revenues	136,133
Expenditures -	
Public works - Drains	178,832
<hr/>	
Net Change in Fund Balance	(42,699)
Fund Balance, beginning of year	1,027,978
<hr/>	
Fund Balance, end of year	\$ 985,279
<hr/>	

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

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	<u>Special Revenue</u>
	<u>DHS/ Child Care Welfare</u>
<i>December 31, 2013</i>	
<hr/>	
<b>Assets-</b>	
Due from other governmental units	\$ 264,648
<hr/>	
<b>Liabilities :</b>	
Checks issued against future deposits	\$ 109,380
Accounts Payable	107,000
Unearned revenues	48,268
<hr/>	
<b>Total Liabilities</b>	<b>\$ 264,648</b>
<hr/>	

County of Kalamazoo, Michigan

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

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	<i>Special Revenue</i>
	<i>DHS/ Child Care Welfare</i>
<hr/>	
<i>Year Ended December 31, 2013</i>	
<hr/>	
Revenues:	
State grants	\$ 136,765
Local unit contributions	641,100
Charges for services	(134,035)
Other revenues	1,440,000
<hr/>	
Total Revenues	2,083,830
Expenditures -	
Health and welfare	2,083,830
<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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	<u>Capital Projects</u>
	<u>Lake Level Fund</u>
<hr/> <i>December 31, 2013</i> <hr/>	
<b>Assets:</b>	
Cash	\$ 31,838
Receivables - Unlevied Assessments	8,032
<hr/>	
<b>Total Assets</b>	<b>\$ 39,870</b>
<hr/>	
<b>Liabilities -</b>	
Noncurrent Liabilities - Due within one year	\$ 8,032
<hr/>	
<b>Fund Balance -</b>	
Unrestricted	31,838
<hr/>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 39,870</b>

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# County of Kalamazoo, Michigan

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Lake Level Fund

	<i>Capital Projects</i>
	<i>Lake Level Fund</i>
<hr/>	
<i>Year Ended December 31, 2013</i>	
<hr/>	
Revenues -	
Other revenues	\$ 39,689
<hr/>	
Expenditures -	
Capital outlay	7,851
<hr/>	
Net Change in Fund Balance	31,838
Fund Balance, beginning of year	-
<hr/>	
Fund Balance, end of year	\$ 31,838
<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>134-143</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>144-147</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>148-152</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>153-154</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>155-157</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 - 2013-2004 (Unaudited)

<i>December 31,</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 43,130,177	\$ 39,987,637	\$ 20,075,223	\$ 19,173,432
Restricted:				
Budget Stabilization	2,500,000	2,500,000	2,500,000	-
Revenue Sharing Reserve	-	-	-	3,729,094
Capital Projects	-	-	-	-
Special revenue grants:				
Law Enforcement Fund	320,044	829,154	955,624	387,990
Health Fund	22,954	34,219	34,219	1,499
Other	4,864,381	4,641,644	4,463,872	7,279,978
Unrestricted	51,652,911	53,804,428	70,239,778	59,674,138
<b>Total Governmental Activities</b>				
<b>Net Position</b>	<b>\$ 102,490,467</b>	<b>\$ 101,797,082</b>	<b>\$ 98,268,716</b>	<b>\$ 90,246,131</b>
<b>Business-Type Activities:</b>				
Net investment in capital assets	\$ 50,504,667	\$ 52,076,706	\$ 53,833,191	\$ 43,917,137
Unrestricted	32,634,972	31,125,230	29,467,743	31,172,945
<b>Total Business-Type Activities</b>				
<b>Net Position</b>	<b>\$ 83,139,639</b>	<b>\$ 83,201,936</b>	<b>\$ 83,300,934</b>	<b>\$ 75,090,082</b>
<b>Primary Government:</b>				
Net investment in capital assets	\$ 93,634,844	\$ 92,064,343	\$ 73,908,414	\$ 63,090,569
Restricted:				
Budget Stabilization	2,500,000	2,500,000	2,500,000	-
Revenue Sharing Reserve	-	-	-	3,729,094
Capital Projects	-	-	-	-
Special revenue grants:				
Law Enforcement Fund	320,044	829,154	955,624	387,990
Health Fund	22,954	34,219	34,219	1,499
Other	4,864,381	4,641,644	4,463,872	7,279,978
Unrestricted	84,287,883	84,929,658	99,707,521	90,847,083
<b>Total Primary Government</b>				
<b>Net Position</b>	<b>\$ 185,630,106</b>	<b>\$ 184,999,018</b>	<b>\$ 181,569,650</b>	<b>\$ 165,336,213</b>

## County of Kalamazoo, Michigan

### Schedule 1 - Net Position by Component, Last Ten Fiscal Years - 2013-2004 (Unaudited)

2009	2008	2007	2006	2005	2004
\$ 14,661,496	\$ 31,973,057	\$ 14,798,453	\$ 14,594,522	\$ 15,261,715	\$ 15,521,670
-	-	-	-	-	-
8,844,326	13,876,233	18,318,542	21,154,552	14,334,413	8,357,014
-	-	-	4,882,322	4,169,092	4,169,994
624,792	-	-	-	-	-
1,499	-	-	-	-	-
6,497,893	7,071,644	6,544,606	6,254,864	4,836,203	3,584,389
59,211,457	35,299,847	44,414,631	32,575,999	32,683,732	37,673,606
\$ 89,841,463	\$ 88,220,781	\$ 84,076,232	\$ 79,462,259	\$ 71,285,155	\$ 69,306,673
\$ 27,521,531	\$ 23,914,326	\$ 24,479,312	\$ 22,144,066	\$ 22,238,237	\$ 17,177,064
30,865,423	29,143,845	25,967,411	24,150,506	22,834,327	25,133,407
\$ 58,386,954	\$ 53,058,171	\$ 50,446,723	\$ 46,294,572	\$ 45,072,564	\$ 42,310,471
\$ 42,183,027	\$ 55,887,383	\$ 39,277,765	\$ 36,738,588	\$ 37,499,952	\$ 32,698,734
-	-	-	-	-	-
8,844,326	13,876,233	18,318,542	21,154,552	14,334,413	8,357,014
-	-	-	4,882,322	4,169,092	4,169,994
624,792	-	-	-	-	-
1,499	-	-	-	-	-
6,497,893	7,071,644	6,544,606	6,254,864	4,836,203	3,584,389
90,076,880	64,443,692	70,382,042	56,726,505	55,518,059	62,807,013
\$ 148,228,417	\$ 141,278,952	\$ 134,522,955	\$ 125,756,831	\$ 116,357,719	\$ 111,617,144

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 - 2013-2004 (Unaudited)

<i>Year Ended December 31,</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 18,178,504	\$ 16,560,972	\$ 14,685,317	\$ 16,454,956
Public safety	26,770,373	25,317,944	25,723,553	27,429,129
Public works	118,527	79,790	133,937	478,320
Health and welfare	33,943,631	36,491,664	38,749,470	41,958,505
Recreation and culture	4,746,386	4,241,319	4,013,029	3,950,921
Legislative	915,035	973,686	971,453	954,998
Judicial	19,913,091	19,273,929	19,540,568	19,851,817
Community Economic Development	162,897	61,191	81,132	59,446
Other	-	-	-	-
Transfer to Component Unit	-	-	-	-
Interest and fiscal charges	1,334,369	1,396,053	1,461,542	1,599,239
<b>Total governmental activities expenses</b>	<b>106,082,813</b>	<b>104,396,548</b>	<b>105,360,001</b>	<b>112,737,331</b>
Business-type activities:				
Delinquent tax	-	-	-	1,800
Tax reversion	812,633	666,526	537,829	516,924
Airport operations	7,231,919	7,437,568	7,755,405	6,269,714
<b>Total business-type activities expenses</b>	<b>8,044,552</b>	<b>8,104,094</b>	<b>8,293,234</b>	<b>6,788,438</b>
<b>Total Primary Government Expenses</b>	<b>\$ 114,127,365</b>	<b>\$ 112,500,642</b>	<b>\$ 113,653,235</b>	<b>\$ 119,525,769</b>
<b>Program Revenues:</b>				
Governmental activities:				
Charges for Services:				
General government	\$ 5,264,150	\$ 5,530,702	\$ 5,284,450	\$ 1,866,708
Public safety	2,189,115	2,094,447	2,080,437	1,895,004
Public works	112,768	103,093	98,709	4,618
Health and welfare	1,699,642	1,710,269	2,282,647	2,359,508
Recreation and culture	3,331,511	3,073,186	2,911,332	2,821,377
Judicial	4,523,285	4,796,952	4,688,164	5,041,762
Interest and fiscal charges	-	-	-	-
Other	-	-	-	-
Operating Grants and Contributions:				
General government	4,210,224	4,239,285	5,346,046	363,001
Public safety	1,573,156	1,877,706	2,230,316	2,257,433
Public works	118,350	79,749	129,378	161,622
Health and welfare	21,826,508	24,679,271	27,124,803	29,290,317
Recreation and culture	2,551,873	2,159,040	1,805,102	1,811,563
Judicial	7,179,923	7,149,876	7,412,821	7,434,135
Community Economic Development	80,115	60,036	160,623	-
Interest and fiscal charges	-	-	-	-
Other	-	-	-	10,789
Capital grants and contributions - Other	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>54,660,620</b>	<b>57,553,612</b>	<b>61,554,828</b>	<b>55,317,837</b>

# County of Kalamazoo, Michigan

## Schedule 2 - Changes in Net Position, Last Ten Fiscal Years - 2013-2004 (Unaudited) (continued)

<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
\$ 15,304,080	\$ 18,716,502	\$ 17,195,129	\$ 13,287,815	\$ 13,112,946	\$ 11,732,332
28,190,183	25,185,011	25,519,348	24,567,020	23,603,804	22,280,373
302,635	166,934	299,344	943,220	1,387,569	2,217,157
40,947,081	36,838,395	36,180,122	35,516,055	35,057,267	37,871,316
3,345,053	3,268,444	3,232,282	3,066,342	3,085,417	3,272,460
938,582	862,396	897,634	840,222	877,050	966,888
19,477,810	17,665,498	17,774,174	17,872,285	18,775,967	19,129,554
-	-	-	-	-	-
-	-	-	-	3,447,841	3,153,334
-	-	-	-	-	-
1,615,949	1,797,799	656,948	517,525	650,538	770,194
110,121,373	104,500,979	101,754,981	96,610,484	99,998,399	101,393,608
-	800	6,690	130,180	4,692	-
266,656	-	-	-	-	-
7,244,951	6,019,869	5,759,066	5,360,135	5,112,676	5,166,426
7,511,607	6,020,669	5,765,756	5,490,315	5,117,368	5,166,426
\$ 117,632,980	\$ 110,521,648	\$ 107,520,737	\$ 102,100,799	\$ 105,115,767	\$ 106,560,034
\$ 2,147,274	\$ 2,252,045	\$ 2,703,273	\$ 2,950,571	\$ 3,260,615	\$ 3,034,136
1,977,075	1,947,155	1,728,469	2,041,571	1,955,818	1,880,319
-	-	-	-	-	-
2,519,035	2,175,576	2,016,657	1,245,711	2,536,375	2,897,372
2,527,150	2,669,459	2,634,950	2,419,217	2,349,378	2,184,590
5,095,013	5,652,775	5,871,196	6,057,390	5,567,520	5,643,531
-	-	-	-	-	-
-	-	-	-	-	2,535,357
207,441	284,284	249,407	301,947	225,171	2,380,121
1,874,351	1,660,903	2,919,091	3,470,642	4,256,489	3,447,189
75,520	117,541	147,679	134,747	133,005	101,632
28,652,957	24,561,585	23,970,105	23,641,025	22,353,996	23,478,271
1,689,076	1,602,217	1,389,113	1,293,595	1,200,748	1,088,279
7,404,748	7,281,433	7,448,395	7,596,287	7,609,797	7,470,937
-	-	-	-	-	-
-	-	15,395	-	-	-
-	-	-	-	21,819	-
-	-	352,556	-	51,625	970,524
54,169,640	50,204,973	51,446,286	51,152,703	51,522,356	57,112,258

# County of Kalamazoo, Michigan

## Schedule 2 - Changes in Net Position, Last Ten Fiscal Years - 2013-2004 (Unaudited)

<i>Year Ended December 31,</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
<b>Program Revenues (Concluded):</b>				
Business-type activities:				
Charges for services:				
Delinquent tax	\$ 2,586,938	\$ 2,663,575	\$ 3,922,110	\$ 3,638,412
Tax reversion	1,856,636	1,040,019	763,810	1,301,043
Airport operations	4,578,069	4,309,619	4,554,926	4,098,683
Operating grants and contributions -				
Airport operations	127,989	528,096	114,992	640,594
Capital grants and contributions -				
Airport operations	640,768	1,066,540	8,364,153	14,672,847
<hr/>				
Total business-type activities program revenues	9,790,400	9,607,849	17,719,991	24,351,579
<hr/>				
<b>Total Primary Government Program Revenues</b>	<b>\$ 64,451,020</b>	<b>\$ 67,161,461</b>	<b>\$ 79,274,819</b>	<b>\$ 79,669,416</b>
<hr/>				
<b>Net (Expense) Revenue:</b>				
Governmental activities	\$ (51,422,193)	\$ (46,842,936)	\$ (43,805,173)	\$ (57,419,494)
Business-type activities	1,745,848	1,503,755	9,426,757	17,563,141
<hr/>				
<b>Total Primary Government Net Expenses</b>	<b>\$ (49,676,345)</b>	<b>\$ (45,339,181)</b>	<b>\$ (34,378,416)</b>	<b>\$ (39,856,353)</b>
<hr/>				
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental activities:				
Property taxes levied for operating	\$ 49,321,723	\$ 47,231,113	\$ 48,405,162	\$ 48,288,959
Property taxes levied for revenue sharing reserve	-	-	-	-
Other taxes	-	-	-	-
Local unit contract revenue	-	-	-	-
Other	651,375	384,078	44,613	1,673,430
Unrestricted investment earnings	311,871	1,131,111	2,102,983	1,304,275
Transfers in	1,830,609	1,625,000	1,275,000	1,000,000
<hr/>				
Total governmental activities	52,115,578	50,371,302	51,827,758	52,266,664
<hr/>				
Business-type activities:				
Other	-	-	-	-
Unrestricted investment earnings	22,464	22,247	59,095	139,987
Transfers out	(1,830,609)	(1,625,000)	(1,275,000)	(1,000,000)
<hr/>				
Total business-type activities	(1,808,145)	(1,602,753)	(1,215,905)	(860,013)
<hr/>				
<b>Total Primary Government</b>	<b>\$ 50,307,433</b>	<b>\$ 48,768,549</b>	<b>\$ 50,611,853</b>	<b>\$ 51,406,651</b>
<hr/>				
<b>Change in Net Position:</b>				
Governmental activities	\$ 693,385	\$ 3,528,366	\$ 8,022,585	\$ (5,152,830)
Business-type activities	(62,297)	(98,998)	8,210,852	16,703,128
<hr/>				
<b>Total Primary Government</b>	<b>\$ 631,088</b>	<b>\$ 3,429,368</b>	<b>\$ 16,233,437</b>	<b>\$ 11,550,298</b>

# County of Kalamazoo, Michigan

## Schedule 2 - Changes in Net Position, Last Ten Fiscal Years - 2013-2004 (Unaudited) (concluded)

2009	2008	2007	2006	2005	2004
\$ 2,696,334	\$ 2,062,382	\$ 1,957,711	\$ 1,444,859	\$ 1,497,697	\$ 1,253,219
550,258	-	-	-	-	-
3,762,887	3,902,591	4,316,214	4,233,581	4,483,389	4,004,586
159,178	197,926	(28,892)	600,649	186,278	165,547
6,350,499	2,879,337	3,471,510	721,909	1,760,080	1,627,723
13,519,156	9,042,236	9,716,543	7,000,998	7,927,444	7,051,075
\$ 67,688,796	\$ 59,247,209	\$ 61,162,829	\$ 58,153,701	\$ 59,449,800	\$ 64,163,333
\$ (55,951,733)	\$ (54,296,006)	\$ (50,308,695)	\$ (45,457,781)	\$ (48,476,043)	\$ (44,281,350)
6,007,549	3,021,567	3,950,787	1,510,683	2,810,076	1,884,649
\$ (49,944,184)	\$ (51,274,439)	\$ (46,357,908)	\$ (43,947,098)	\$ (45,665,967)	\$ (42,396,701)
\$ 50,691,287	\$ 50,142,756	\$ 47,291,086	\$ 34,879,561	\$ 33,990,340	\$ 30,922,234
-	-	1,108,851	11,064,283	10,416,376	10,654,932
-	-	-	-	-	46,309
1,642,012	1,696,138	1,218,268	1,276,194	1,631,699	1,285,000
2,191,289	2,521,458	1,633,340	1,583,650	1,714,911	2,100,784
1,702,897	3,080,203	3,460,386	3,113,934	1,776,199	631,530
1,000,000	1,000,000	975,000	953,000	925,000	900,000
57,227,485	58,440,555	55,686,931	52,870,622	50,454,525	46,540,789
8,170	1,823	3,550	3,449	391,916	-
313,064	588,058	1,172,814	660,876	485,101	301,194
(1,000,000)	(1,000,000)	(975,000)	(953,000)	(925,000)	(900,000)
(678,766)	(410,119)	201,364	(288,675)	(47,983)	(598,806)
\$ 56,548,719	\$ 58,030,436	\$ 55,888,295	\$ 52,581,947	\$ 50,406,542	\$ 45,941,983
\$ 1,275,752	\$ 4,144,549	\$ 5,378,236	\$ 7,412,841	\$ 1,978,482	\$ 2,259,439
5,328,783	2,611,448	4,152,151	1,222,008	2,762,093	1,285,843
\$ 6,604,535	\$ 6,755,997	\$ 9,530,387	\$ 8,634,849	\$ 4,740,575	\$ 3,545,282

Source: County of Kalamazoo, Michigan, Finance Office.

# County of Kalamazoo, Michigan

## Schedule 3 - Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2013-2004 (Unaudited)

<i>December 31,</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
<b>General Fund:</b>				
Non-spendable	\$ 157,879	\$ 167,995	\$ 148,715	\$ -
Restricted for Budget Stabilization	2,500,000	2,500,000	2,500,000	-
Committed	3,859,384	4,293,928	4,685,797	-
Assigned	329,500	583,200	500,000	-
Unassigned	21,838,815	20,320,881	24,327,571	-
Reserved:				
Encumbrances	-	-	-	136,468
Prepaid expenditures/inventories	-	-	-	122,669
Long-term advances	-	-	-	-
Unreserved -				
Designated for future expenditures	-	-	-	4,439,610
Unreserved, reported in -				
General Fund	-	-	-	23,147,791
<b>Total General Fund</b>	<b>\$ 28,685,578</b>	<b>\$ 27,866,004</b>	<b>\$ 32,162,083</b>	<b>\$ 27,846,538</b>
<b>All Other Governmental Funds:</b>				
Non-spendable	\$ 206,773	\$ 53,516	\$ 110,378	\$ -
Restricted:				
Law Enforcement Fund	318,180	823,154	955,624	-
Health Fund	-	-	34,219	-
Special Revenue Funds	4,534,629	4,325,733	4,463,872	-
Debt Service Funds	285,210	238,032	231,920	-
Capital Projects Funds	28,811	77,879	109,205	-
Committed	16,496,564	18,387,782	21,641,559	-
Assigned to:				
Capital Projects Funds	-	-	5,039,590	-
Special Revenue Funds	-	15,246	-	-
Unassigned	(169,288)	(13,297)	-	-
Reserved:				
Revenue Sharing Reserve Fund	-	-	-	3,729,094
Encumbrances	-	-	-	69,139
Prepaid expenditures/inventories	-	-	-	-
Long-term receivable from other governmental unit	-	-	-	-
Unreserved:				
Designated for future expenditures	-	-	-	56,429
Special Revenue Funds	-	-	-	7,669,467
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	19,214,149
<b>Total All Other Governmental Funds</b>	<b>\$ 21,700,879</b>	<b>\$ 23,908,045</b>	<b>\$ 32,586,367</b>	<b>\$ 30,738,278</b>

# County of Kalamazoo, Michigan

## Schedule 3 - Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2013-2004 (Unaudited)

2009	2008	2007	2006	2005	2004
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
525,197	99,516	320,821	142,981	137,877	118,176
61,024	243,393	219,467	34,327	108,592	18,497
-	-	-	23,790	300,000	-
4,727,510	5,917,064	5,764,300	5,764,300	4,252,900	4,252,900
22,867,133	18,705,734	15,078,874	11,017,692	6,448,111	4,736,676
\$ 28,180,864	\$ 24,965,707	\$ 21,383,462	\$ 16,983,090	\$ 11,247,480	\$ 9,126,249
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,844,326	13,876,233	18,318,542	21,154,552	14,334,413	8,357,014
244,937	63,458	232,968	198,706	253,453	497,474
119	-	-	-	485	23,156
-	-	-	279,901	320,439	-
138,433	305,287	411,500	411,500	224,720	222,876
7,142,805	7,071,644	6,502,765	6,254,864	4,836,203	3,584,389
483,502	475,127	314	-	-	-
14,289,474	19,893,490	32,081,896	4,602,421	3,848,653	4,169,994
\$ 31,143,596	\$ 41,685,239	\$ 57,547,985	\$ 32,901,944	\$ 23,818,366	\$ 16,854,903

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 - 2013-2004 (Unaudited)

<i>Year Ended December 31,</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
<b>Revenues:</b>				
Taxes	\$ 51,733,873	\$ 51,281,971	\$ 50,467,213	\$ 50,801,324
Licenses and permits	1,050,273	959,212	932,107	926,176
Intergovernmental	37,284,230	42,049,516	45,645,465	43,980,599
Changes for services	9,943,390	9,815,816	9,825,820	9,179,624
Fines and forfeitures	1,584,425	1,707,874	1,709,679	2,018,339
Interest	311,871	1,131,111	2,102,983	1,651,105
Other	1,321,630	1,403,064	1,415,236	1,747,905
Donations and contributions	921,577	1,110,360	1,239,054	940,075
<b>Total Revenues</b>	<b>104,151,269</b>	<b>109,458,924</b>	<b>113,337,557</b>	<b>111,245,147</b>
<b>Expenditures:</b>				
General government	13,276,576	13,324,605	13,078,145	13,345,721
Public safety	25,342,943	25,265,647	24,896,389	26,545,756
Public works	118,528	79,794	1,650,676	478,288
Health and welfare	33,470,275	36,712,421	38,782,339	41,800,901
Recreation and culture	3,930,816	3,422,079	3,345,073	3,323,146
Legislative	915,035	973,686	971,453	954,998
Judicial	18,440,279	18,446,360	18,598,870	18,667,915
Other	1,399,324	364,963	573,791	1,137,672
Community Economic Development	162,897	61,191	81,132	59,446
Transfer to component units	-	-	-	-
Debt service:				
Principal	1,755,000	2,120,000	1,765,000	2,678,010
Interest	1,367,857	1,462,091	1,476,923	1,598,867
Bond issuance costs	-	26,039	12,894	67,945
Capital outlay	7,190,933	21,828,949	6,216,232	3,175,109
<b>Total Expenditures</b>	<b>107,370,463</b>	<b>124,087,825</b>	<b>111,448,917</b>	<b>113,833,774</b>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over Expenditures</b>	<b>(3,219,194)</b>	<b>(14,628,901)</b>	<b>1,888,640</b>	<b>(2,588,627)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	12,952,105	19,659,931	21,069,304	18,935,879
Transfers in - Component Unit	-	-	-	-
Transfers out	(11,120,503)	(18,034,931)	(19,794,304)	(17,414,888)
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	-	(1,150,000)	-	(2,000,000)
<b>Total Other Financing Sources (Uses)</b>	<b>1,831,602</b>	<b>1,654,500</b>	<b>4,275,000</b>	<b>1,848,983</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,387,592)</b>	<b>\$ (12,974,401)</b>	<b>\$ 6,163,640</b>	<b>\$ (739,644)</b>
<b>Debt Service as a Percentage of</b>				
<b>Noncapital Expenditures</b>	<b>3.1%</b>	<b>3.5%</b>	<b>3.1%</b>	<b>3.9%</b>

## County of Kalamazoo, Michigan

### Schedule 4 - Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2013-2004 (Unaudited)

2009	2008	2007	2006	2005	2004
\$ 52,112,225	\$ 52,127,490	\$49,760,689	\$57,777,230	\$53,541,737	\$51,332,024
908,768	903,893	793,611	785,730	846,714	862,458
42,247,256	38,073,037	35,704,794	37,753,619	36,904,503	41,158,355
9,505,860	9,510,775	10,124,910	9,598,624	10,762,032	10,664,460
2,247,219	2,484,283	2,634,069	2,789,201	2,618,152	2,747,894
1,702,897	3,080,203	3,460,386	3,113,934	1,776,199	631,530
2,191,289	2,512,099	1,631,441	1,566,376	1,714,911	2,100,784
810,363	712,053	2,260,309	249,663	578,346	-
<b>111,725,877</b>	<b>109,403,833</b>	<b>106,370,209</b>	<b>113,634,377</b>	<b>108,742,594</b>	<b>109,497,505</b>
12,207,828	12,478,693	9,841,143	10,909,325	11,159,696	11,461,734
26,449,376	25,048,512	24,822,423	24,539,667	23,294,592	21,472,657
302,625	166,941	299,335	943,231	1,387,608	2,195,172
40,150,567	36,636,836	36,130,575	35,765,016	35,179,510	37,117,973
3,031,205	3,026,214	2,926,544	2,792,553	2,812,928	2,976,942
938,582	862,396	897,634	840,222	877,050	966,888
18,204,672	17,424,528	17,432,615	17,829,372	18,617,735	18,644,364
1,336,165	3,728,747	8,102,389	2,320,857	2,944,769	3,090,484
-	-	-	-	-	-
-	-	-	-	-	-
2,104,898	2,148,821	1,810,040	1,443,530	1,386,687	1,647,000
1,629,462	1,615,516	517,222	524,919	633,923	686,452
-	16,099	149,183	-	-	-
13,200,679	19,102,990	3,294,285	1,742,541	2,138,519	2,803,172
<b>119,556,059</b>	<b>122,256,293</b>	<b>106,223,388</b>	<b>99,651,233</b>	<b>100,433,017</b>	<b>103,062,838</b>
(7,830,182)	(12,852,460)	146,821	13,983,144	8,309,577	6,434,667
18,963,217	17,607,669	16,946,211	16,541,876	16,434,229	13,816,990
-	-	-	-	-	-
(18,804,451)	(17,463,255)	(16,808,792)	(16,212,332)	(16,275,980)	(13,646,120)
-	-	-	-	-	-
-	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)
<b>158,766</b>	<b>571,959</b>	<b>28,899,592</b>	<b>836,044</b>	<b>775,117</b>	<b>2,407,327</b>
<b>\$ (7,671,416)</b>	<b>\$ (12,280,501)</b>	<b>\$29,046,413</b>	<b>\$14,819,188</b>	<b>\$ 9,084,694</b>	<b>\$ 8,841,994</b>
3.5%	3.7%	2.4%	2.0%	2.1%	2.3%

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 - 2013-2004 (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>	
	\$	\$	\$	\$	\$	\$	
2013	246,429,582	1,494,605,525	363,764,345	5,419,836,318	901,028,023	8,425,663,793	6.3695
2012	239,120,450	1,553,005,640	360,467,101	5,408,906,981	926,075,139	8,487,575,311	6.3600
2011	238,185,110	1,632,908,929	374,444,944	5,676,932,378	906,612,546	8,829,083,907	6.3555
2010	234,323,992	1,743,345,742	399,521,368	5,734,285,728	876,276,355	8,987,753,185	6.3400
2009	225,488,791	1,792,326,915	503,111,457	6,046,379,311	896,482,771	9,463,789,245	6.3212
2008	222,094,495	1,766,531,482	513,496,587	6,310,592,521	876,103,736	9,688,818,821	6.3300
2007	216,698,123	1,719,347,867	505,724,481	6,159,696,308	809,587,546	9,411,054,325	6.3400
2006	199,195,596	1,639,755,890	485,676,345	5,838,021,440	795,172,638	8,957,821,909	6.1362
2005	202,576,301	1,561,122,682	481,762,317	5,428,008,097	806,931,249	8,480,400,646	6.1362
2004	185,417,194	1,487,215,229	475,181,926	5,082,135,722	792,256,281	8,022,206,352	6.1362

<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 - 2013-2004 (Unaudited)

December 31,	Year Taxes Are Payable										
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	
<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	4.6871
Law enforcement	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491
Juvenile Home debt	0.2333	0.2234	0.2193	0.2050	0.1850	0.1950	0.2000	-	-	-	-
<b>Total direct rates</b>	<b>6.3695</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	0.4000	-	0.3800	0.4500	-	-	-
<b>City Rates:</b>											
Galesburg	9.8118	9.8118	9.7856	9.7856	9.7856	9.7856	9.7856	9.8112	9.8112	9.8112	9.9144
Kalamazoo	20.8205	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	16.6772
Portage	10.7778	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	0.7860- 8.9691	0.6519- 8.9691	0.7860- 8.9691	0.7860- 8.9691	0.7860- 8.9691	0.7860- 10.8691	0.7978- 10.8691	0.8059- 8.9691	0.8151- 8.9367
<b>Village Rates:</b>											
	9.5000- 15.9005	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- 16.2000	9.0000- 16.4000
<b>Intermediate School Rates:</b>											
	2.6837- 6.2057	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	2.6837- 6.2057	2.9307- 6.2057
<b>Local School Rates:</b>											
	22.1700- 27.1000	22.1700- 27.1000	22.2000- 27.1000	22.2000- 27.1000	18.0000- 27.1000	18.0000- 27.0500	18.0000- 27.0500	18.0000- 27.0990	18.0000- 26.6209	16.6421- 26.6209	16.9801- 27.1000
<b>Library Rates:</b>											
	0.5000- 3.9583	0.5000- 3.9583	0.5000- 3.9583	0.5000- 3.9583	0.5000- 3.9583	0.5000- 3.9583	0.4291- 3.9583	0.4376- 3.9583	0.4483- 3.9583	0.4483- 3.9583	0.4558- 3.9583
<b>Community College Rates:</b>											
Glen Oaks	2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	2.7088	2.7453
Kalamazoo Valley	2.8135	2.8135	2.8135	2.8135	2.8135	2.8135	2.8135	2.8135	5.6270	2.8135	2.8135
Kellogg	3.6136	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	6.0000	6.0000

Source: County of Kalamazoo, Michigan, Equalization Department.

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

## County of Kalamazoo, Michigan

### Schedule 7 - Principal Property Taxpayers, Current Year and Nine Years Ago - December 31, 2013 and 2004 (Unaudited)

<i>Taxpayer</i>	<u>Fiscal Year 2013</u>			<u>Fiscal Year 2004</u>		
	<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	\$ 416,748,842	1	5.21%	\$467,538,591	1	6.78%
Consumers Energy Company	135,518,623	2	1.69%	94,263,867	2	1.37%
Stryker Corporation	61,158,149	3	0.76%	25,303,079	9	0.37%
Graphic Packaging	35,141,300	4	0.44%	36,009,577	6	0.52%
Kaiser Aluminum	31,471,633	5	0.39%			
Edward Rose Development	30,405,131	6	0.38%	48,439,516	5	0.70%
Target Corporation	26,209,250	7	0.33%	49,030,894	4	0.71%
Meijer, Inc.	24,719,326	8	0.31%	29,737,438	7	0.43%
Connecticut General Life Ins. Co.	24,478,607	9	0.31%			
Catalyst Development Co.	23,441,711	10	0.29%			
Meyer C. Weiner				50,035,902	3	0.73%
PNC (National City Bank)				25,752,665	8	0.37%
Portfolio One Number				19,685,451	10	0.29%
<b>Total</b>	<b>\$ 809,292,572</b>		<b>10.11%</b>	<b>\$845,796,980</b>		<b>12.27%</b>

Source: County of Kalamazoo, Michigan, Equalization Department.

# County of Kalamazoo, Michigan

## Schedule 8 - Property Tax Levies and Collections, Last Ten Years - 2013-2004 (Unaudited)

Fiscal Year	Levy Year	Taxes <sup>(a)</sup> Levied for the Fiscal Year		Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Total Collections to Date		
		(Original Levy)	Adjustments		Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2013	2012	\$ 50,113,019	\$ 822,002	\$ 49,291,017	\$ 44,716,135	89.23%	\$ 1,481,275	\$ 46,197,411	93.72%
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%

<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 - 2013-2004 (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
2013	\$ 31,544,067	\$ 7,311,034	\$ -	\$ 38,855,101	0.40%	0.46%	151.35
2012	33,318,869 *	7,908,766 *	-	41,227,635	0.42%	0.49%	161.94
2011	35,436,486 *	7,853,096 *	-	43,289,582	0.48%	0.49%	171.73
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

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

Note: 2013 percentage of Personal Income calculated using 2012 personal income data, which is the most recent available.

\*Note: 2012 and 2011 General Bonded Debt Outstanding are restated to report debt net of premiums, discounts and adjustments.

## County of Kalamazoo, Michigan

### Schedule 10 - Direct and Overlapping Governmental Activities Debt, as of December 31, 2013 (Unaudited)

<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	\$ 1,000,000	100.00%	\$ 1,000,000
Otsego	3,005,000	33.28%	1,000,064
Richland	535,000	100.00%	535,000
<b>Total Libraries</b>			<b>2,535,064</b>
<b>Townships:</b>			
Brady	804,168	100.00%	804,168
Charleston	2,844	100.00%	2,844
Comstock	375,000	100.00%	375,000
Cooper	1,065,000	100.00%	1,065,000
Pavilion	290,832	100.00%	290,832
Texas	34,000	100.00%	34,000
<b>Total Townships</b>			<b>2,571,844</b>
<b>Cities:</b>			
Galesburg	1,902,000	100.00%	1,902,000
Kalamazoo	39,120,000	100.00%	39,120,000
Portage	76,120,000	100.00%	76,120,000
<b>Total Cities</b>			<b>117,142,000</b>
<b>Villages:</b>			
Augusta	870,000	100.00%	870,000
Climax	70,000	100.00%	70,000
Schoolcraft	605,000	100.00%	605,000
<b>Total Villages</b>			<b>1,545,000</b>

## County of Kalamazoo, Michigan

### Schedule 10 - Direct and Overlapping Governmental Activities Debt, as of December 31, 2013 (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	\$ 2,185,000	5.03%	\$ 109,906
Climax Scotts	4,868,877	87.18%	4,244,687
Colon	13,110,000	0.95%	124,545
Comstock	6,598,000	100.00%	6,598,000
Galesburg Augusta	14,674,053	100.00%	14,674,053
Gull Lake	39,410,000	83.27%	32,816,707
Kalamazoo	159,935,000	100.00%	159,935,000
Lawton	27,261,104	0.63%	171,745
Mattawan	19,870,000	67.99%	13,509,613
Mendon	14,557,306	1.72%	250,386
Otsego	60,213,774	41.21%	24,814,096
Parchment	33,989,254	100.00%	33,989,254
Plainwell	53,823,686	33.78%	18,181,641
Portage	113,920,000	100.00%	113,920,000
Schoolcraft	11,742,038	100.00%	11,742,038
Vicksburg	11,861,000	97.37%	11,549,056
<b>Total School Districts</b>			<b>446,630,726</b>
<b>Community Colleges -</b>			
Glen Oaks	2,190,000	0.20%	4,380
<b>Total Community Colleges</b>			<b>4,380</b>
<b>Intermediate School Districts:</b>			
Allegan	2,730,000	12.06%	329,238
Kalamazoo RESA	18,125,000	97.56%	17,682,750
St. Joseph	4,055,000	0.18%	7,299
<b>Total Intermediate School Districts</b>			<b>18,019,287</b>
<b>Subtotal, Overlapping Debt</b>			<b>588,448,301</b>
<b>Total Direct Debt</b>			<b>31,544,067</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 619,992,368</b>

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

Note: Percentage of overlap based on assessed property values.

## County of Kalamazoo, Michigan

### Schedule 11 - Legal Debt Margin Information, Last Ten Years - 2013-2004 (Unaudited)

<i>December 31,</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
<b>Legal Debt Margin:</b>				
Assessed value of property (SEV)*	\$ 8,425,663,793	\$ 8,487,575,311	\$ 8,829,083,907	\$ 8,987,753,185
Debt limit, 10% of assessed value (SEV) (constitutional debt limit)	\$ 842,566,379	\$ 848,757,531	\$ 882,908,391	\$ 898,775,319
Amount of debt applicable to limit:				
Debt issues for purpose of the County functions only:				
Building Authority	35,200,000	36,535,000	37,625,000	35,700,000
Notes payable	-	-	1,716	4,960
Debt issues for benefit of local improvements:				
Water	570,000	620,000	670,000	720,000
Sewage	2,535,000	3,440,000	4,715,000	5,815,000
Drainage	235,000	275,000	315,000	355,000
Notes payable	-	-	-	180,000
<b>Total net debt applicable to limit</b>	<b>38,540,000</b>	<b>40,870,000</b>	<b>43,326,716</b>	<b>42,774,960</b>
<b>Legal Debt Margin</b>	<b>\$ 804,026,379</b>	<b>\$ 807,887,531</b>	<b>\$ 839,581,675</b>	<b>\$ 856,000,359</b>
<b>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</b>	<b>4.57%</b>	<b>4.82%</b>	<b>4.91%</b>	<b>4.76%</b>

## County of Kalamazoo, Michigan

### Schedule 11 - Legal Debt Margin Information, Last Ten Years - 2013-2004 (Unaudited)

2009	2008	2007	2006	2005	2004
\$ 9,463,789,245	\$ 9,688,818,821	\$ 9,411,054,325	\$ 8,997,222,049	\$ 8,480,400,646	\$ 8,022,206,352
\$ 946,378,925	\$ 968,881,882	\$ 941,105,433	\$ 899,722,205	\$ 848,040,065	\$ 802,220,635
36,350,000	36,950,000	37,420,000	9,300,000	9,500,000	9,500,000
7,971	386,918	741,244	1,090,282	1,424,813	1,750,000
770,000	820,000	875,000	930,000	970,000	245,000
7,565,000	9,070,000	9,730,000	10,790,000	11,830,000	12,860,000
610,000	430,000	630,000	-	-	-
240,000	240,950	422,900	767,000	289,500	401,000
45,542,971	47,897,868	49,819,144	22,877,282	24,014,313	24,756,000
\$ 900,835,954	\$ 920,984,014	\$ 891,286,289	\$ 876,844,923	\$ 824,025,752	\$ 777,464,635
4.81%	4.94%	5.29%	2.54%	2.83%	3.09%

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 values of property for prior years have been revised accordingly.

## County of Kalamazoo, Michigan

### Schedule 12 - Demographic and Economic Statistics, Last Ten Fiscal Years - 2013-2004 (Unaudited)

<i>Year</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>
2013	256,725	*	*	7.1%
2012	254,580	\$ 9,731,382,000	\$ 38,225	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%

*Source: Michigan Department of Technology, Management and Budget, 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 2013.*

## County of Kalamazoo, Michigan

### Schedule 13 - Employment by Principal Industries, Current Year and Nine Years Ago - December 31, 2013 and 2004 (Unaudited)

<i>Industry</i>	<i>Fiscal Year 2013</i>			<i>Fiscal Year 2004</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>
Health care and social assistance	20,402	1	14.17%	18,650	2	12.54%
Manufacturing	17,115	2	11.89%	21,159	1	14.23%
Retail trade	14,810	3	10.29%	18,291	3	12.30%
Accommodation and food services	11,976	4	8.32%	11,565	4	7.78%
Administrative and waste management services	10,181	5	7.07%	10,298	5	6.92%
Other services, except public administration	8,573	6	5.96%	8,305	7	5.58%
Local government	8,442	7	5.86%	9,763	6	6.56%
Finance and insurance	8,441	8	5.86%	6,072	10	4.08%
Professional, scientific, and technical services	6,823	9	4.74%	6,481	9	4.36%
Construction	6,046	10	4.20%	7,973	8	5.36%
	112,809		78.37%	118,557		79.71%
<b>Total Full-time and Part-time County Employment</b>	<b>143,949</b>		<b>100.00%</b>	<b>148,735</b>		<b>100.00%</b>

*Note: This schedule is based on 2012, since 2013 information is unavailable.*

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

## County of Kalamazoo, Michigan

### Schedule 14 - Full-time Equivalent County Government Employees by Function, Last Ten Fiscal Years - 2013-2004 (Unaudited)

<i>Function/Program</i>	<i>Full-time Equivalent Employees as of December 31,</i>									
	<i>2013</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>
General government	138.8	138.8	140.3	139.8	129.2	128.2	128.2	128.7	127.7	128.4
Public safety	241.8	215.8	224.3	220.8	226.5	226.5	226.5	226.0	225.9	227.2
Health and welfare	203.8	286.3	292.1	285.3	295.6	278.0	299.3	306.3	314.4	316.2
Recreation and culture	18.4	18.6	18.2	18.2	19.0	19.0	17.3	17.7	19.5	19.8
Legislative	6.3	6.3	6.3	6.3	6.3	6.3	6.0	6.0	9.8	9.8
Judicial	224.0	223.5	227.8	226.8	226.0	225.1	222.1	225.1	225.9	227.3
Other	16.0	16.0	21.0	21.0	31.6	29.6	29.6	28.9	29.5	29.6
Airport	22.0	22.0	23.5	23.5	23.5	23.5	23.5	23.5	19.5	19.8
<b>Total</b>	<b>871.1</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>

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

# County of Kalamazoo, Michigan

## Schedule 15 - Operating Indicators by Function, Last Ten Fiscal Years - 2013-2004 (Unaudited)

<i>Function/Program</i>	<i>Fiscal Year</i>									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Government:</b>										
Revenue from sale of maps, aerial photos and street directories	\$ 5,056	\$ 9,166	\$ 7,625	\$ 5,594	\$ 865	\$ 1,490	\$12,117	\$ 1,039	\$ 1,809	\$ 262
Revenue from Soil Erosion and Sedimentation Control permits issued	\$ 30,285	\$28,029	\$21,754	\$21,880	\$22,715	\$30,173	\$36,180	\$47,147	\$50,011	\$60,728
<b>Public Safety:</b>										
Jail bookings	12,973	13,380	12,591	12,372	11,849	11,539	11,499	12,319	11,777	11,305
Average daily population	404	409	387	374	388	391	366	340	365	359
<b>Judicial:</b>										
8th District Court caseloads	54,898	59,858	55,636	64,034	67,143	73,210	80,700	79,257	82,326	80,608
<b>Airport:</b>										
Based aircraft	109	111	143	143	143	143	148	148	144	130
Enplanements	127,559	130,163	152,593	141,083	139,712	166,986	206,659	236,744	222,343	223,244

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 - 2013-2004 (Unaudited)

<i>Function/Program</i>	<i>Fiscal Year</i>									
	<i>2013</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>
<b>Public Safety:</b>										
Correction facility capacity	327	327	327	327	327	327	327	327	327	327
Juvenile Home capacity	64	64	64	64	64	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	3
<b>Airport Operations:</b>										
Number of runways	3	3	3	3	3	3	3	3	3	3
Terminals	2	2	2	1	1	1	1	1	1	1
Number of hangars	84	84	95	95	95	95	95	95	95	95

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

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## 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, 2013 (September 30, 2013, 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 18, 2014. 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 18, 2014



## Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance

Board of Commissioners  
County of Kalamazoo, Michigan  
Kalamazoo, Michigan

### Report on Compliance for Each Major Federal Program

We have audited the County of Kalamazoo, Michigan's (the "County") compliance 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, 2013. 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 \$1,119,781 in federal awards, and Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS), which expended \$6,315,439 in federal awards, and are not included in the County's schedule of expenditures of federal awards for the year ended December, 31, 2013. Our audit, described below, did not include the operations of the Kalamazoo County Road Commission and KCMHSAS 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 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, 2013.

#### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 18, 2014

## Schedule of Expenditures of Federal Awards

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# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

<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	\$ 24,491
Breakfast - Project No. 141970	10.553	9,898
		34,389
National School Lunch Program:		
Section 11 - Free and Reduced - Project No. 131960	10.555	40,402
Section 11 - Free and Reduced - Project No. 141960	10.555	16,064
USDA Commodities - National School Lunch & Breakfast Program	10.555	6,384
		62,850
<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	526,068
<i>Passed-through Michigan Department of Education:</i>		
Child and Adult Care Food Program:		
Child Care Food Program	10.558	152,940
<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	9,503
<i>Passed-through Workforce Development Agency, State of Michigan:</i>		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:		
FY 13 Food Assistance	10.561	7,525
FY 13 Food Assistance Supportive Services	10.561	668
FY 14 Food Assistance	10.561	4,233
FY 14 Food Assistance Supportive Services	10.561	271
		12,697
<b>Total U.S. Department of Agriculture</b>		<b>798,447</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	6,270
<b>Total U.S. Department of Housing and Urban Development</b>		<b>6,270</b>
<b>U.S. Department of Justice:</b>		
<i>Passed-through Michigan State Police:</i>		
DCE/SP (HEMP) Overtime Reimbursement	16.000	2,294

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

<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>		
Crime Victim Assistance:		
Victims of Violence - Assistance Program 20081-16V12	16.575	\$ 44,510
Victims of Violence - Assistance Program 20081-17V13	16.575	15,110
		59,620
Direct Program - State Criminal Alien Assistance Program	16.606	7,179
<i>Passed-through Michigan State Police:</i>		
Edward Byrne Memorial Justice Assistance Grant Program:		
SWET 70888-5-13-B	16.738	49,209
SWET 70888-6-14-B	16.738	27,478
Adult Men's Drug Treatment Court 2012-DJ-BX-0109	16.738	99,650
Adult Men's Drug Treatment Court 2013-MU-BX-0051	16.738	45,615
Adult Women's Drug Treatment Court 2012-DJ-BX-0109	16.738	96,227
Adult Women's Drug Treatment Court 2013-MU-BX-0051	16.738	33,424
<i>Passed-through City of Kalamazoo, Michigan:</i>		
Edward Byrne Memorial Justice Assistance Grant Program:		
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2010	16.738	19,531
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2011	16.738	2,541
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2012	16.738	8,846
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2013	16.738	55,279
		437,800
<b>Total U.S. Department of Justice</b>		<b>506,893</b>
<b>U.S. Department of Labor:</b>		
<i>Passed-through Workforce Development Agency, State of Michigan:</i>		
Employment Service/Wagner-Peyser Funded Activities:		
AY12 Wagner Peyser 7(A)	17.207	443,274
AY13 Wagner Peyser 7(A)	17.207	31,267
		474,541
Unemployment Insurance:		
RES/REA EUC Administration	17.225	99,040
RES/REA for Claimants	17.225	25,030
		124,070
Trade Adjustment Assistance:		
FY13 Trade Adjustment Assistance 2009/2011	17.245	304,809
FY13 Trade Adjustment Assistance 2002	17.245	3,541
FY13 Trade Adjustment Assistance Employer Based Training Foundation 2009/2011	17.245	114,994
FY13 Trade Adjustment Assistance Survey Equipment 2009/2011	17.245	18,000
FY14 Trade Adjustment Assistance 2009/2011	17.245	39,553
FY14 Trade Adjustment Assistance 2002	17.245	202
		481,099

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

<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>		
Work Force Investment Act Adult Program:		
AY12 WIA Adult	17.258	\$ 762,693
AY13 WIA Adult	17.258	31,949
AY12 WIA Local Administration	17.258	92,947
AY13 WIA Local Administration	17.258	8,581
AY10 WIA SWA - MWA Service Center Operations - PY2011	17.258	929
AY12 WIA SWA - MWA Service Center Operations - PY2012	17.258	14,246
AY11 WIA SWA - High Concentration Youth - PY2012	17.258	1,781
AY12 WIA SWA - Capacity Building - PY2013	17.258	23,850
AY12 WIA SWA - Incentive - PY2012	17.258	45
		937,021
Work Force Investment Act Youth Activities:		
AY12 WIA Youth	17.259	1,076,858
AY13 WIA Youth	17.259	111,742
AY12 WIA Local Administration	17.259	99,397
AY13 WIA Local Administration	17.259	9,202
AY10 WIA SWA - MWA Service Center Operations - PY2011	17.259	1,008
AY12 WIA SWA - MWA Service Center Operations - PY2012	17.259	15,235
AY11 WIA SWA - High Concentration Youth - PY2012	17.259	1,904
AY12 WIA SWA - Capacity Building - PY2013	17.259	25,575
AY12 WIA SWA - Incentive - PY2012	17.259	48
		1,340,969
Work Force Investment Act National Emergency Grants:		
FY 12 WIA Dislocated Worker - Nat Res - Emergency Grant - OJT NEG	17.277	194,157
FY 13 WIA Dislocated Worker - Nat Res - Emergency Grant - NEG DW Training	17.277	19,095
		213,252
Work Force Investment Act Dislocated Worker Formula Grants:		
AY11 WIA Dislocated Worker	17.278	143,884
AY12 WIA Dislocated Worker	17.278	704,358
AY13 WIA Dislocated Worker	17.278	41,537
AY12 WIA Local Administration	17.278	100,863
AY13 WIA Local Administration	17.278	9,202
AY10 WIA SWA - MWA Service Center Operations - PY2011	17.278	1,226
AY12 WIA SWA - MWA Service Center Operations - PY2012	17.278	15,460
AY11 WIA SWA - High Concentration Youth - PY2012	17.278	1,933
AY12 WIA SWA - Capacity Building - PY2013	17.278	25,575
AY12 WIA SWA - Incentive - PY2012	17.278	49
		1,044,087
<b>Total U.S. Department of Labor</b>		<b>4,615,039</b>

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

<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 Transportation:</b>		
<i>Passed-through Michigan Department of State Police:</i>		
<i>State and Community Highway Safety:</i>		
Strategic Traffic Enforcement Program - Police Traffic Services	20.600	\$ 49,971
<i>Interagency Hazardous Materials Public Sector Training &amp; Planning Grants:</i>		
Hazardous Materials Emergency Preparedness Planning Program	20.703	3,638
<b>Total U.S. Department of Transportation</b>		<b>53,609</b>
<b>U.S. Environmental Protection Agency:</b>		
<i>Passed-through Michigan Department of Environmental Quality:</i>		
<i>Nonpoint Source Implementation Grants:</i>		
Davis Creek Stream Stabilization	66.460	42,025
<i>Capitalization Grants for Drinking Water State Revolving Funds:</i>		
Nontransient NCW System	66.468	244
<i>State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs:</i>		
Nontransient NCW System	66.471	730
<b>Total U.S. Environmental Protection Agency</b>		<b>42,999</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>		
LIHEAP - Low Income Energy Assistance Program	81.042	11,566
Weatherization Assistance Program	81.042	196,884
		208,450
<i>Passed-through Workforce Development Agency, State of Michigan:</i>		
<i>Electricity Delivery And Energy Reliability, Research, Development and Analysis:</i>		
AY10 Kalamazoo Utility	81.122	332,312
<b>Total U.S. Department of Energy</b>		<b>540,762</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	9,012
<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	6,924
<i>Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services:</i>		
Title III D Services	93.043	16,640

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

<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 B - Grants for Supportive Services and Senior Centers:		
Title III B - Administration	93.044	\$ 24,500
Title III B - Services (Program Development)	93.044	43,501
Title III B - Services	93.044	175,101
		243,102
Special Programs for the Aging - Title III, Part C - Nutrition Services:		
Title III Administration	93.045	44,258
Title III C1/C2 Services	93.045	321,826
		366,084
<i>Passed-through Michigan Medicare/Medicaid Assistance Program:</i>		
Special Programs for the Aging - Title IV and Title II - Discretionary Projects:		
Senior Medicare Patrol	93.048	8,337
<i>Passed-through Michigan Office of Services for the Aging:</i>		
Alzheimers Disease Demonstration Grants to States:		
Alzheimers Disease Supportive Services Program - Savvy Caregiver Program	93.051	2,750
National Family Caregiver Support - Title III, Part E:		
Title III E - NFCSP	93.052	9,617
Title III E - Care Management	93.052	41,970
Title III E - Administration	93.052	10,274
Title III E - Information and Assistance	93.052	37,680
		99,541
Nutrition Services Incentive Program:		
Area Agency on Aging - USDA Senior Citizen Meals	93.053	125,518
<i>Passed-through Michigan Department of Community Health:</i>		
Public Health Emergency Preparedness:		
Bioterrorism Regional EPI Support	93.069	2,526
Laboratory Services Bio	93.069	96,833
Bioterrorism - Coordination	93.069	143,740
		243,099
Immunization Cooperative Agreements:		
Vaccine Provided	93.268	224,873
Infant Immunization Initiative	93.268	105,471
		330,344
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program:		
Early Childhood Home Visiting Program	93.505	27,290
<i>Passed-through Workforce Development Agency, State of Michigan:</i>		
Temporary Assistance for Needy Families:		
FY13 TANF - JET	93.558	1,731,227
FY14 TANF - PATH	93.558	409,445
		2,140,672

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

<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>		
<i>Child Support Enforcement:</i>		
<i>Child Support Enforcement:</i>		
CS/FOC-13-39001 (YR 1)	93.563	\$ 1,341,093
CS/FOC-13-39001 (YR 2)	93.563	447,048
CS/PA-13-39002 (YR 1)	93.563	291,392
CS/PA-13-39002 (YR 2)	93.563	99,429
<i>Federal Performance Incentive Payment:</i>		
CS/FOC-13-39001 (FY2013)	93.563	228,602
CS/FOC-13-39001 (FY2014)	93.563	79,679
		2,487,243
<i>Low-Income Home Energy Assistance:</i>		
LCA Deliverable Fuel	93.568	47,999
<i>Community Services Block Grant:</i>		
Community Services Block Grant	93.569	599,022
Community Services Block Grant - Discretionary	93.569	9,214
		608,236
<i>Passed-through State Court Administrative Office:</i>		
<i>Grants to States for Access and Visitation Programs:</i>		
Access and Visitation Grant	93.597	9,490
<i>Direct Program - Head Start:</i>		
Head Start 05CH5120/37	93.600	2,799,322
<i>Passed-through Michigan Department of Human Services:</i>		
<i>Foster Care - Title IV-E:</i>		
Prosecuting Attorney DHS Grant PROFC-11-39001	93.658	57,555
<i>Passed-through Michigan Department of Community Health:</i>		
<i>Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Program:</i>		
Capacity Building Michigan Immunization PT1	93.773	13,244
<i>Breast and Cervical Cancer Screening Opportunities for States, Tribes, and Territories Program:</i>		
MI Breast & Cervical Cancer Screening	93.744	21,340
<i>Medical Assistance Program:</i>		
Case Management Services - CHSCS	93.778	88,743
Medicaid Outreach - AAA	93.778	2,159
Medicaid Outreach - CSHCS	93.778	19,112
Medicaid Outreach - BCCCP	93.778	2,711
Medicaid Outreach - NFP	93.778	56,133
Nurse Family Partnership	93.778	244,605
<i>Passed-through Michigan Office of Services to the Aging:</i>		
<i>Medical Assistance Program:</i>		
Targeted Case Management	93.778	27,774
		441,237

# County of Kalamazoo, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

<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>		
Centers for Medicare and Medicaid Services, Research, Demonstrations, and Evaluations:		
<i>Passed-through Michigan Medicare/Medicaid Assistance Program:</i>		
State Health Insurance Assistance Program	93.779	\$ 15,451
<i>Passed-through Michigan Disability Rights Coalition:</i>		
External Advocacy	93.779	39,500
		54,951
<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	6,945
BCCCP Coordination	93.919	189,203
		196,148
Direct Program - Healthy Start Initiative	93.926	622,716
<i>Passed-through Michigan Department of Community Health:</i>		
HIV Prevention Activities - Health Department Based: AIDS/HIV Prevention	93.940	95,859
Preventative Health and Health Services Block Grant:		
Sexually Transmitted Disease (STD Control)	93.991	50,240
Maternal and Child Health Services Block Grant to the States:		
MCH Block Grant - Immunizations	93.994	119,744
MCH Block Grant - FIMR	93.994	(4,800)
MCH Block Grant - IAP	93.994	25,966
MCH Block Grant - Health Equity	93.994	12
MPHI Block Grant	93.994	540
		141,462
<b>Total U.S. Department of Health and Human Services</b>		<b>11,266,355</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	8,993
<b>Total Executive Office of the President</b>		<b>8,993</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	22,032
<i>Passed-through Michigan State Police:</i>		
Emergency Management Performance Grants:		
Emergency Management Performance Grant (PY2010)	97.042	5,068
Emergency Management Performance Grant (PY2011)	97.042	16,321
Emergency Management Performance Grant (PY2013)	97.042	23,659
Emergency Management Performance Grant (PY2014)	97.042	9,249
		54,297

**County of Kalamazoo, Michigan**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2013**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
<i>Passed-through Oshtemo Township Fire Department:</i>		
<i>Assistance to Firefighters Grant:</i>		
<i>Assistance to Firefighters Grant Program - Operations and Safety Program</i>	97.044	\$ 7,549
<i>Passed-through Van Buren County:</i>		
<i>Homeland Security Grant Program:</i>		
<i>Homeland Security Grant Program</i>	97.067	187,258
<i>Direct Program - Law Enforcement Officer Reimbursement Agreement Program</i>	97.090	111,690
<b>Total U.S. Department of Homeland Security</b>		<b>382,826</b>
<b>Total Primary Government Unit</b>		<b>\$ 18,222,193</b>

# County of Kalamazoo, Michigan

## Supplemental Schedule of Expenditures by Service September 30, 2013

<i>Services</i>	<i>Federal</i>	<i>Title</i>	<i>Title</i>	<i>Title</i>	<i>Title</i>	<i>Title</i>	<i>Title</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>VIIA</i>	<i>NSIP</i>	<i>IIID</i>	<i>IIIE</i>	<i>Admin.</i>	<i>Care</i>
											<i>Mgmt.</i>
Adult day care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Care management	-	44,700	-	-	-	-	-	-	37,818	-	137,109
Caregiver E,S,T	-	-	-	-	-	-	-	-	4,081	-	-
Case coordination and support	-	5,390	-	-	-	-	-	-	-	-	-
Congregate meals	-	-	172,018	-	-	-	36,706	-	-	-	-
Counseling	-	76	-	-	-	-	-	-	6,447	-	-
Disease prevention	-	-	-	-	-	-	-	13,295	-	-	-
Elder abuse prevention	-	-	-	-	8,579	-	-	-	-	-	-
Gap services	-	205	-	-	-	-	-	-	-	-	-
Home delivered meals	-	-	-	157,703	-	-	98,471	-	-	-	-
Home injury control	-	3,000	-	-	-	-	-	-	-	-	-
Homemaker	-	18,617	-	-	-	-	-	-	-	-	-
Information & assistance	-	5,039	-	-	-	-	-	-	33,511	-	-
Legal assistance	-	12,456	-	-	-	-	-	-	-	-	-
LTC ombudsman	-	5,135	-	-	-	8,815	-	-	-	-	-
Medication management	-	3,237	-	-	-	-	-	-	-	-	-
Nutrition education	-	-	-	-	-	-	-	-	-	-	-
PERS/Assist tech and devices	-	9,603	-	-	-	-	-	-	-	-	-
Personal care	-	7,994	-	-	-	-	-	-	-	-	-
Program development	-	38,129	-	-	-	-	-	-	-	-	-
Respite care	-	8,119	-	-	-	-	-	-	-	-	-
Senior center staffing	-	7,088	-	-	-	-	-	-	-	-	-
Transportation	-	37,987	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	206,775	172,018	157,703	8,579	8,815	135,177	13,295	81,857	-	137,109
Administration	69,438	-	-	-	-	-	-	-	-	11,997	-
<b>Total</b>	<b>\$ 69,438</b>	<b>\$ 206,775</b>	<b>\$ 172,018</b>	<b>\$ 157,703</b>	<b>\$ 8,579</b>	<b>\$ 8,815</b>	<b>\$ 135,177</b>	<b>\$ 13,295</b>	<b>\$ 81,857</b>	<b>\$ 11,997</b>	<b>\$ 137,109</b>

# County of Kalamazoo, Michigan

## Supplemental Schedule of Expenditures by Service September 30, 2013

State Access	State In-Home	State Cong. Meals	State HDM	State NHO	State ANS	State Alt. Care	State CMP	State Respite/ Tobacco	State Merit Award Trust	Program Income	Cash Match	In-Kind Match	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,866	\$ 56,001	\$ 1,718	\$ 2,444	\$ 3,238	\$ 114,267
14,357	-	-	-	-	22,388	-	-	-	-	-	135,571	16,225	408,168
-	-	-	-	-	-	-	-	-	-	-	-	-	4,081
-	-	-	-	-	-	-	-	-	-	-	1,064	-	6,454
-	-	4,551	-	-	-	-	-	-	-	74,026	-	19,505	306,806
-	-	-	-	-	-	-	-	-	-	84	803	-	7,410
-	-	-	-	-	-	-	-	-	-	170	6,643	-	20,108
-	-	-	-	-	-	-	-	-	-	8,854	1,140	-	18,573
-	-	-	-	-	-	-	-	-	-	-	-	-	205
-	-	-	165,330	-	-	-	-	-	-	108,188	-	35,890	565,582
-	-	-	-	-	-	-	-	-	-	-	-	334	3,334
-	42,116	-	-	-	-	45,500	-	-	-	-	-	11,803	118,036
-	-	-	-	-	-	-	-	-	-	8,232	26,002	-	72,784
-	-	-	-	-	-	-	-	-	-	-	1,548	-	14,004
-	-	-	-	30,216	-	-	38,269	-	-	45,583	4,699	-	132,717
-	-	-	-	-	-	-	-	-	-	-	-	360	3,597
-	-	-	-	-	-	-	-	-	-	-	-	116	116
-	-	-	-	-	-	2,634	-	-	-	-	-	1,360	13,597
-	5,189	-	-	-	-	8,000	-	-	-	-	-	2,354	23,537
-	-	-	-	-	-	-	-	-	-	12,443	13,139	-	63,711
-	-	-	-	-	-	-	-	45,116	11,452	-	-	7,187	71,874
-	-	-	-	-	-	-	-	-	-	-	3,136	223	10,447
-	-	-	-	-	-	-	-	-	-	5,848	2,036	3,657	49,528
14,357	47,305	4,551	165,330	30,216	22,388	56,134	38,269	95,982	67,453	265,146	198,225	102,252	2,028,936
-	-	-	-	-	-	-	-	-	6,671	23,108	24,400	-	135,614
\$ 14,357	\$ 47,305	\$ 4,551	\$ 165,330	\$ 30,216	\$ 22,388	\$ 56,134	\$ 38,269	\$ 95,982	\$ 74,124	\$ 288,254	\$ 222,625	\$ 102,252	\$ 2,164,550

# County of Kalamazoo, Michigan

## Schedule of Federal Pass-Through Funds to Subrecipients - Year Ended December 31, 2013

<i>Program Name</i>	<i>CFDA Number</i>	<i>Current Year</i>
Food Assistance	10.561	\$ 11,758
Food Assistance - Supportive Services	10.561	939
Wagner Peyser	17.207	474,541
RES/REA EUC Administration	17.225	99,040
RES/REA For Claimants	17.225	25,030
Trade Adjustment Assistance - Trade 2009/2011	17.245	344,362
Trade Adjustment Assistance - Trade 2002	17.245	3,743
Trade Adjustment Assistance Employer Based Training Foundation	17.245	114,994
Trade Adjustment Assistance Survey Equipment	17.245	18,000
Workforce Investment Act - Adult	17.258	794,642
Workforce Investment Act - Youth	17.259	1,188,600
Workforce Investment Act - Dislocated Worker	17.278	889,779
Workforce Investment Act - Dislocated Worker Nat. Res. - Emergency Grant - OJT NEG	17.277	194,157
Workforce Investment Act - Dislocated Worker Nat. Res. - Emergency Grant - NEG DW Training	17.277	19,095
Workforce Investment Act - Local Administration	17.258	101,528
Workforce Investment Act - Local Administration	17.259	108,599
Workforce Investment Act - Local Administration	17.278	110,065
Workforce Investment Act - SWA - Capacity Building	17.258	23,850
Workforce Investment Act - SWA - Capacity Building	17.259	25,575
Workforce Investment Act - SWA - Capacity Building	17.278	25,575
Workforce Investment Act - High Concentration Youth Type N	17.258	1,781
Workforce Investment Act - High Concentration Youth Type N	17.259	1,904
Workforce Investment Act - High Concentration Youth Type N	17.278	1,933
Workforce Investment Act - SWA - Incentive	17.258	45
Workforce Investment Act - SWA - Incentive	17.259	48
Workforce Investment Act - SWA - Incentive	17.278	49
Workforce Investment Act - SWA - MWA Service Center Operations	17.258	15,175
Workforce Investment Act - SWA - MWA Service Center Operations	17.259	16,243
Workforce Investment Act - SWA - MWA Service Center Operations	17.278	16,686
Kalamazoo Utility Grant	81.122	332,312
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	47,820
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	321,826
Special Programs for the Aging - Title IV and Title II Discretionary Projects - Senior Medicare Patrol	93.048	7,798
National Family Caregiver Support - Title III, Part E	93.052	9,617
Nutrition Services Incentive Program (USDA) - Senior Citizens' Meal Program	93.053	125,518
Temporary Assistance for Needy Families - JET	93.558	1,731,227
Temporary Assistance for Needy Families - PATH	93.558	409,445
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	13,901
Homeland Security Grant Program (Transfer of Equipment to City of Kalamazoo)	97.042	22,320
Homeland Security Grant Program (Transfer of Equipment to City of Portage)	97.042	7,440
Homeland Security Grant Program (Transfer of Equipment to Kalamazoo Township)	97.042	2,790
<b>Total Federal Pass-Through Funds to Subrecipients</b>		<b>\$ 7,659,750</b>

# County of Kalamazoo, Michigan

## Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2013

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, 2013</i>		
<b>Primary Government -</b>		
U.S. Department of Transportation -		
<i>Passed-through Michigan Department of Transportation:</i>		
Airport Improvement Program	20.106	\$ 617,208
U.S. Department of Homeland Security -		
<i>Direct Program - Terminal Baggage Screening Project</i>		
Kalamazoo/Battle Creek International Airport Baggage Screening Project	N/A	(23,701)
<b>Total Primary Government</b>		<b>\$ 593,507</b>
 <b>Discretely Presented Component Unit -</b>		
Governmental - Road Commission -		
U.S. Department of Transportation -		
<i>Passed-through Michigan Department of Transportation:</i>		
Highway Research, Planning, and Construction	20.205	\$ 1,119,781

County of Kalamazoo, Michigan

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified  
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: Unmodified  
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? No  
Identification of major programs:

CFDA No. Name of Federal Program or Cluster

- 17.258 WIA Cluster - Adult Program
- 17.259 WIA Cluster - Youth Activities
- 17.278 WIA Cluster - Dislocated Worker Formula Grants
- 93.558 Temporary Assistance for Needy Families
- 93.563 Child Support Enforcement
- 93.600 Head Start

Dollar threshold used to distinguish between Type A and Type B Programs \$546,666  
Auditee qualified as low-risk auditee? Yes

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.