



County of Kalamazoo, Michigan

Comprehensive Annual Financial Report
and Single Audit Act Compliance

Year Ended December 31, 2014

County of Kalamazoo, Michigan

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Single Audit Act Compliance
Year Ended December 31, 2014

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Year Ended December 31, 2014

Prepared By:

John Faul, Deputy Administrator/Interim County Administrator
Tracie L. Moored, Director, Finance and Administrative Services/Interim Controller

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County of Kalamazoo, Michigan
December 31, 2014

Contents

Introductory Section

List of Officials for 2014	i
Organization Chart	ii
GFOA Certificate of Achievement	iii
Letter of Transmittal	1-5

Financial Section

Independent Auditor's Report	6-8
Management Discussion and Analysis	9-20

Government-Wide Financial Statements:

Statement of Net Position	21-22
Statement of Activities	23-24

Fund Financial Statements:

Government Funds:

Balance Sheets	25-26
Reconciliation of the Fund Balance of Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position	27
Statements of Revenues, Expenditures, and Changes in Fund Balance	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	29
Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - <i>General Fund</i>	30
<i>Law Enforcement Fund</i>	31
<i>Health Fund</i>	32

Proprietary Funds:

Statement of Net Position	33-34
Statement of Revenues, Expenses, and Change in Net Position	35
Statement of Cash Flows	36-37

Fiduciary Funds:

Statement of Fiduciary Net Position	38
Statement of Changes in Fiduciary Net Position	39

County of Kalamazoo, Michigan

December 31, 2014

Contents (Continued)

Fund Financial Statements (Concluded):

Component Units:

Combining Statement of Net Position	40
Combining Statement of Activities	41-42

Notes to Basic Financial Statements	43-81
-------------------------------------	-------

Required Supplementary Information

Kalamazoo County Employees' Retirement System Schedule of Changes in Employers' Net Pension Asset and Related Ratios	82
---	----

Kalamazoo County Employees' Retirement System Schedule of Contributions	83-84
--	-------

Schedule of Funding Progress	85
------------------------------	----

Supplementary Information

Combining and Individual Fund Statements and Schedules:

<i>General Fund:</i>	86
----------------------	----

Schedule of Sources and Uses of Financial Resources	87-92
---	-------

<i>Nonmajor Government Funds:</i>	93-96
-----------------------------------	-------

Combining Balance Sheet	97
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	98

Nonmajor Special Revenue Funds:

Combining Balance Sheet	99-100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	101-102

Nonmajor Debt Service Funds:

Combining Balance Sheet	103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	104-105

Nonmajor Capital Projects Funds:

Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	107

County of Kalamazoo, Michigan

December 31, 2014

Contents (Continued)

Combining and Individual Fund Statements and Schedules (Concluded):

Nonmajor Special Revenue Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Parks and Recreation	108
Friend of the Court	109
Accommodation Tax	110

Nonmajor Special Revenue Funds (concluded):

Law Library	111
Area Agency on Aging	112
Child Care Probate	113
Veterans' Trust	113
Community Healthy Start	115

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Community Corrections	116
Workforce Investment Act (W.I.A.)	117
Judicial Special Grants	118
Public Safety Special Grants	119
Public Works Special Grants	120
Health and Welfare Special Grants	121
Capital Outlay Special Grants	122
Community Economic Development Special Grants	123

Internal Service Funds: 124

Combining Statement of Net Position	125
Combining Statement of Revenues, Expenses, and Changes in Net Position	126
Combining Statement of Cash Flows	127

Central Stores Fund -

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual	128
---	-----

Agency Funds: 129

Statement of Fiduciary Assets and Liabilities	130
Combining Statement of Changes in Assets and Liabilities	131

Component Units:

At-Large Drains:

Balance Sheet	132
Statement of Revenues, Expenditures, and Changes in Fund Balance	133

DHS/Child Care Welfare:

Balance Sheet	134
Statement of Revenues, Expenditures, and Changes in Fund Balance	135

Lake Level Fund:

Balance Sheet	136
Statement of Revenues, Expenditures, and Changes in Fund Balance	137

County of Kalamazoo, Michigan

December 31, 2014

Contents (Continued)

Statistical Section (Unaudited)

Contents	138
Schedule 1 - Net Position by Component, Last Ten Fiscal Years - 2014-2005	139-140
Schedule 2 - Changes in Net Position, Last Ten Fiscal Years 2014-2005	141-144
Schedule 3 - Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2014-2005	145-146
Schedule 4 - Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2014-2005	147-148
Schedule 5 - Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years - 2014-2005	149
Schedule 6 - Direct and Overlapping Property Tax Rates, Last Ten Years - 2014-2005	150
Schedule 7 - Principal Property Taxpayers, Current Year and Nine Years Ago - December 31, 2014 and 2005	151
Schedule 8 - Property Tax Levies and Collections, Last Ten Years - 2014-2005	152
Schedule 9 - Ratios of General Bonded Debt Outstanding, Last Ten Years - 2014-2005	153
Schedule 10 - Direct and Overlapping Governmental Activities Debt, As of December 31, 2014	154-155
Schedule 11 - Legal Debt Margin Information, Last Ten Years - 2014-2005	156-157
Schedule 12 - Demographic and Economic Statistics, Last Ten Fiscal Years - 2014-2005	158
Schedule 13 - Employment by Principal Industries, Current Year and Nine Years Ago - December 31, 2014 and 2005	159
Schedule 14 - Full-time Equivalent County Governmental Employees by Function, Last Ten Fiscal Years - 2014-2005	160
Schedule 15 - Operating Indicators by Function, Last Ten Fiscal Years - 2014-2005	161
Schedule 16 - Capital Asset Statistics by Function, Last Ten Fiscal Years - 2014-2005	162

County of Kalamazoo, Michigan

December 31, 2014

Contents (Concluded)

Information on Single Audit

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 <i>Government Auditing Standards</i>	163-164
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance	165-167
Schedule of Expenditures of Federal Awards	168-176
Supplemental Schedule of Expenditures by Service	177-178
Schedule of Federal Pass-Through Funds to Subrecipients	179
Notes to Schedule of Expenditures of Federal Awards	180
Schedule of Findings and Questioned Costs	181-184
Corrective Action Plan	185-186

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Introductory Section

County of Kalamazoo, Michigan

December 31, 2014

List of Officials

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 Tuinier
John Zull

Circuit Court Judges

Curtis Bell - Chief Judge

Paul Bridenstine
Gary Giguere, Jr.
Stephen Gorsalitz
Pamela Lightvoet
Alexander Lipsey

District Court Judges

Richard Santoni - Chief Judge

Anne E. Blatchford
Christopher T. Haenicke
Robert Kropf
Julie Phillips
Vincent Westra

Probate Judges

Patricia Conlon
G. Scott Pierangeli

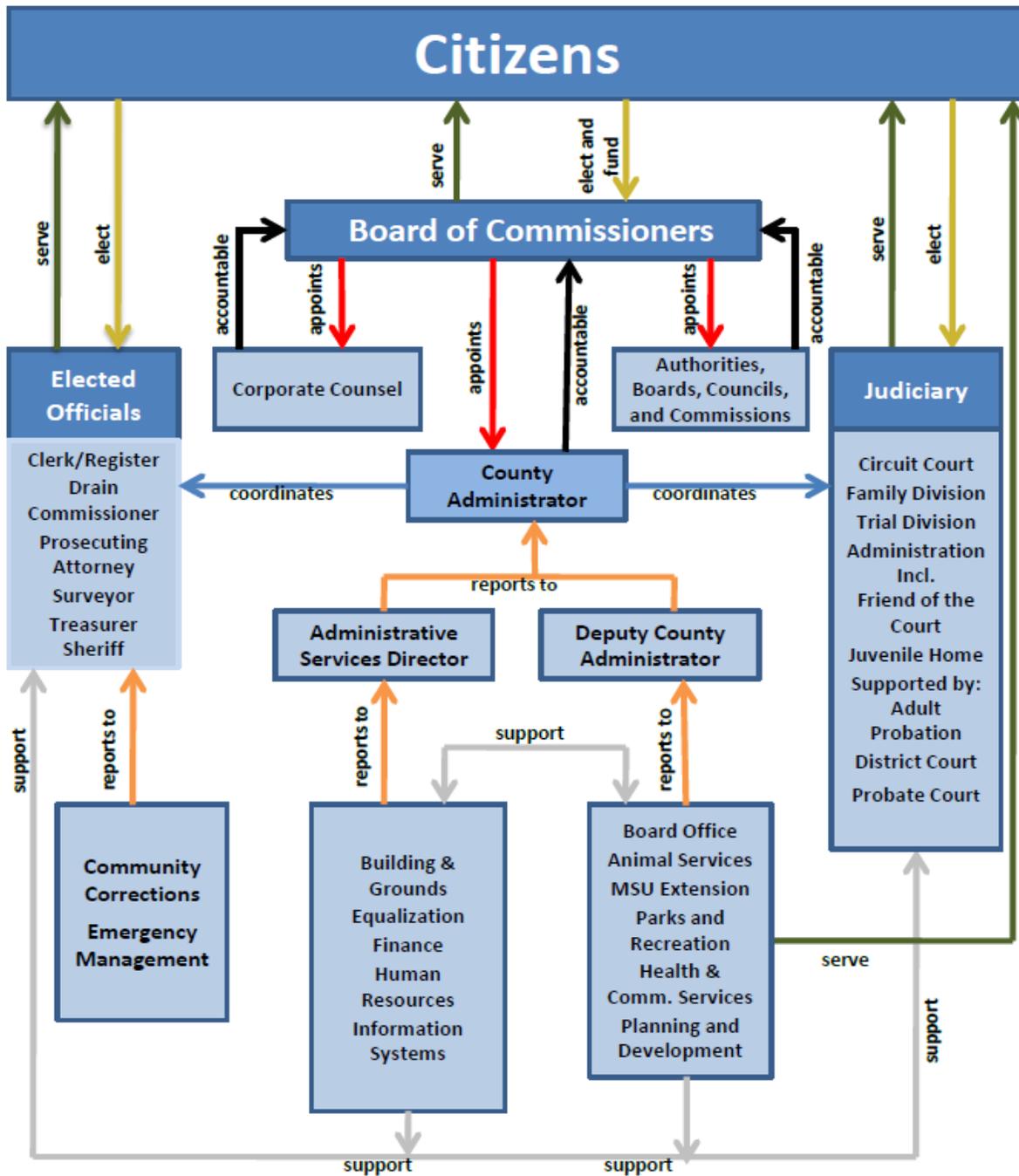
Others

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

County of Kalamazoo, Michigan

December 31, 2014

Organization Chart



County of Kalamazoo
December 31, 2014

Certificate of Achievement



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, 2013



Executive Director/CEO



Office of Finance

201 West Kalamazoo Avenue, Kalamazoo, Michigan 49007

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

www.kalcounty.com

Tracie L. Moored, Director, Finance and Administrative Services
and Interim Controller

June 26, 2015

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, 2014. 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, 2014, 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, 2014, 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 163 through 167.

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 2014 estimated census population of 258,818, 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 2014, consists of 11 members. The County Board is responsible for establishing policies, adopting the budget, appointing committee memberships, and hiring the County Administrator and Corporation Counsel. The Administrator 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 Controller. These requests form the basis for the development of a proposed budget. The 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 93.

Financial Condition Factors

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

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

Long Term Financial Planning. The County completes a ten-year analysis during each budget cycle and updates them frequently to ensure that budgetary impacts are considered. Based on these projections and economic indicators, budget policies have been adopted to implement a base line spending reduction. The Board of Commissioners are committed to ensure long-term fiscal stability of the County. The County has operated cautiously 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 2014, the County designated 13.90% of general operating to capital improvement initiatives. A Capital Improvement Committee has been designated to review annual funding requests. The committee ensures standard criteria are met before projects are considered. An analysis is completed on each qualifying item. Authorizations are granted based on committee recommendations.

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

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

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 2014 unrestricted, uncommitted and unassigned fund balance in comparison to revenues was 24.90%.

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 2014, the following strategic initiatives were enhanced or completed.

- ***Jail Improvement Construction***

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 occurred in 2014.

- ***Courthouse Improvement Funding***

In 2012, the need to construct consolidated court space was apparent. This year the first phase of construction began. Without bonding or millage assistance, the \$25 million project will be completed with capital dollars designated for facility purposes. The project is targeted for completion in 2015.

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

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.

- ***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 2014, partnering municipalities authorized the creation of the 911 Central Dispatch Authorities. This collaboration signifies the acknowledgement and benefits of partnering to bring the most efficient and cost effective services to the taxpayers. This establishment came from several years of dedication to a goal identified. The Authority continues to be diligent in the mission of creating a central authority.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Kalamazoo, Michigan, for its comprehensive annual financial report for the fiscal year ended 2014. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Faul". The signature is written in a cursive style with a large initial "J" and "F".

John Faul
Deputy Administrator/Interim County Administrator

A handwritten signature in black ink, appearing to read "Tracie L. Moored". The signature is written in a cursive style with a large initial "T" and "M".

Tracie L. Moored
Director, Finance and Administrative Services/Interim Controller

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Financial Section



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Kalamazoo, MI 49007

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, 2014 (September 30, 2014, 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 95% 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, 2014, 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.

Emphasis of Matter

As described in Note 11 to the basic financial statements, the County has adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and corrected the implementation of No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

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 Changes in Employers' Net Pension Asset and Related Ratios, Schedule of Contributions, and Schedule of Funding Progress on pages 82 through 85 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 26, 2015 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 26, 2015

Management Discussion and Analysis

County of Kalamazoo, Michigan
December 31, 2014

Management Discussion and Analysis

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, 2014. 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 and deferred outflows of resources of the County exceeded its liabilities at the close of the most recent fiscal year by \$208,024,358 (net position). Of this amount, \$67,757,571 (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 \$32,037,986. This is comprised of \$7,488,618 from operations and \$28,188,936 resulting from the implementation of GASB No. 68.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$51,831,098, an increase of \$1,444,641 in comparison with the prior year. Approximately 45% of this total amount, \$23,371,325 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 \$23,371,325 (47%) of the total General Fund expenditures, not including transfers out.
- The County's total long-term obligations increased by \$117,410 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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them 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

December 31, 2014

Management Discussion and Analysis (Continued)

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 Reversion Fund, 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
December 31, 2014

Management Discussion and Analysis (Continued)

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 81 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 82 to 85.

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 and deferred outflows of resources exceeded liabilities by \$208,024,358 at the close of the most recent fiscal year. The County implemented GASB No. 68 during 2014, resulting in recognizing a net pension asset of \$28,188,936. The components of the net pension asset consist of the total pension liability of \$161,528,782 of the Kalamazoo County Employees' Retirement System (the System) netted against the System's Plan fiduciary net position of \$204,508,894 resulting in a net pension asset.

A substantial portion of the County's net position (44%) 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
December 31, 2014

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>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Assets:						
Current and other assets	\$ 129,333,926	\$ 105,536,768	\$ 29,410,086	\$ 33,373,978	\$ 158,744,012	\$ 138,910,746
Capital assets, net of accumulated depreciation	81,399,762	71,368,576	55,900,694	57,449,667	137,300,456	128,818,243
Total Assets	\$ 210,733,688	\$ 176,905,344	\$ 85,310,780	\$ 90,823,645	\$ 296,044,468	\$ 267,728,989
Deferred Outflows of Resources						
	\$ 602,296	\$ -	\$ 449,154	\$ 477,105	\$ 1,051,450	\$ 477,105
Liabilities:						
Long-term liabilities outstanding	\$ 46,577,247	\$ 45,910,190	\$ 6,802,784	\$ 7,356,493	\$ 53,380,031	\$ 53,266,683
Other liabilities	24,468,134	28,504,687	337,414	804,618	24,805,548	29,309,305
Total Liabilities	71,045,381	74,414,877	7,140,198	8,161,111	78,185,579	82,575,988
Deferred Inflows of Resources						
	13,992,146	-	-	-	13,992,146	13,992,146
Net Position:						
Net investment in capital assets	54,014,762	43,130,177	49,480,694	50,504,667	103,495,456	93,634,844
Restricted	36,523,766	7,707,379	247,565	-	36,771,331	7,707,379
Unrestricted	38,866,094	51,652,911	28,891,477	32,634,972	67,757,571	84,287,883
Total Net Position	\$ 129,404,622	\$ 102,490,467	\$ 78,619,736	\$ 83,139,639	\$ 208,024,358	\$ 185,630,106

An additional portion of the County's net position (17%) represents resources that are subject to external restrictions (statutes, special voted millage, bond covenants, or granting agencies) on how they may be used. Restricted net position increased by \$29,431,183 from prior year primarily the result of the implementation of GASB No. 68 and the recording of the net pension asset. The County may use the remaining balance of unrestricted net position of \$67,757,571 (31%) 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
December 31, 2014

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>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Revenues:						
Program revenues:						
Charges for services	\$ 16,368,876	\$ 17,120,471	\$ 7,847,205	\$ 9,021,643	\$ 24,216,081	\$ 26,142,114
Operating grants and contributions	33,888,826	37,540,149	1,212,558	127,989	35,101,384	37,668,138
Capital grants and contributions	-	-	1,538,535	640,768	1,538,535	640,768
General revenues:						
Property taxes	51,140,600	49,321,723	-	-	51,140,600	49,321,723
Other	1,647,760	651,375	-	-	1,647,760	651,375
Unrestricted investment earnings	1,784,898	311,871	12,932	22,464	1,797,830	334,335
Total Revenues	104,830,960	104,945,589	10,611,230	9,812,864	115,442,190	114,758,453
Expenses:						
General government	17,791,407	18,178,504	-	-	17,791,407	18,178,504
Public safety	25,452,319	26,770,373	-	-	25,452,319	26,770,373
Public works	843,526	118,527	-	-	843,526	118,527
Health and welfare	28,763,908	33,943,631	-	-	28,763,908	33,943,631
Recreation and culture	4,690,557	4,746,386	-	-	4,690,557	4,746,386
Legislative	1,032,729	915,035	-	-	1,032,729	915,035
Judicial	20,157,134	19,913,091	-	-	20,157,134	19,913,091
Community Economic Development	178,482	162,897	-	-	178,482	162,897
Interest and fiscal charges	1,268,294	1,334,369	-	-	1,268,294	1,334,369
Tax reversion	-	-	630,876	812,633	630,876	812,633
Airport operations	-	-	7,144,340	7,231,919	7,144,340	7,231,919
Total Expenses	100,178,356	106,082,813	7,775,216	8,044,552	107,953,572	114,127,365
Increase (Decrease) in Net Position						
Before Transfers	4,652,604	(1,137,224)	2,836,014	1,768,312	7,488,618	631,088
Transfers In (Out)	7,614,391	1,830,609	(7,614,391)	(1,830,609)	-	-
Change in Net Position	12,266,995	693,385	(4,778,377)	(62,297)	7,488,618	631,088
Net Position,						
beginning of year	102,490,467	101,797,082	83,139,639	83,201,936	185,630,106	184,999,018
GASB No. 65 Adjustment (Note 11)	(14,525,549)	-	-	-	(14,525,549)	184,999,018
GASB No. 68 Adjustment (Note 11)	29,172,709	-	258,474	-	29,431,183	-
Restated Net Position,						
beginning of year	117,137,627	101,797,082	83,398,113	83,201,936	200,535,740	184,999,018
Net Position, end of year	\$129,404,622	\$102,490,467	\$78,619,736	\$83,139,639	\$208,024,358	\$ 185,630,106

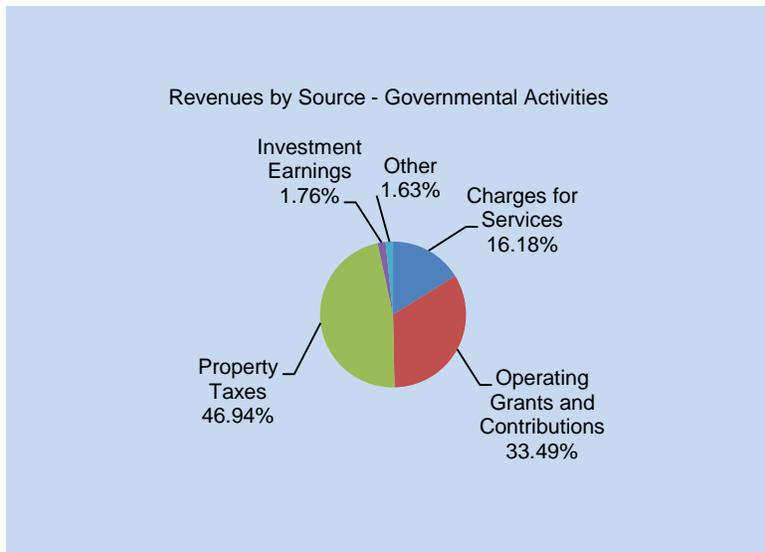
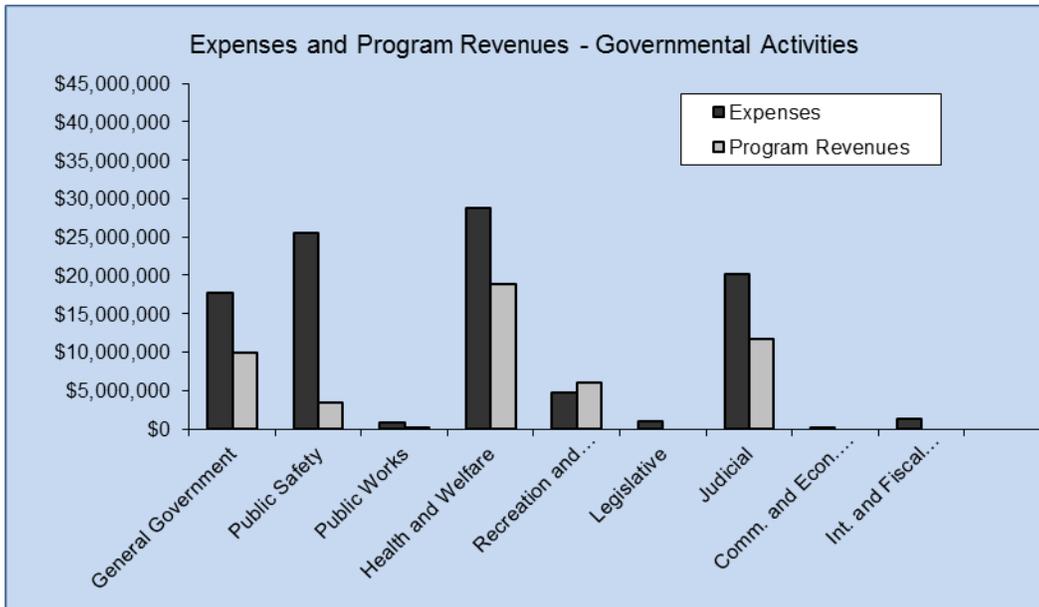
County of Kalamazoo, Michigan

December 31, 2014

Management Discussion and Analysis (Continued)

The County's net position increased by \$29,431,183, this increase is composed of \$29,172,709 increase for governmental activities and \$258,474 increase for business-type activities, from the implementation of GASB No. 68 and a decrease of \$14,525,549 from the implementation of GASB No. 65. The remaining increase of \$7,488,618, during the current fiscal year, is composed of \$12,266,955 increase for governmental activities and a \$4,778,377 decrease for business-type activities.

Governmental Activities. Governmental activities increased the County's net position by \$12,266,955. This increase represents an increase in transfers in the amount of \$5,783,782, primarily for the County's capital reserves and decreases in expenditures in the amount of \$5,565,891 primarily due the reduction of grant expenditures due to transfer of programs to non-governmental entities. The chart below represents Governmental Activities program revenues and the associated expenses.



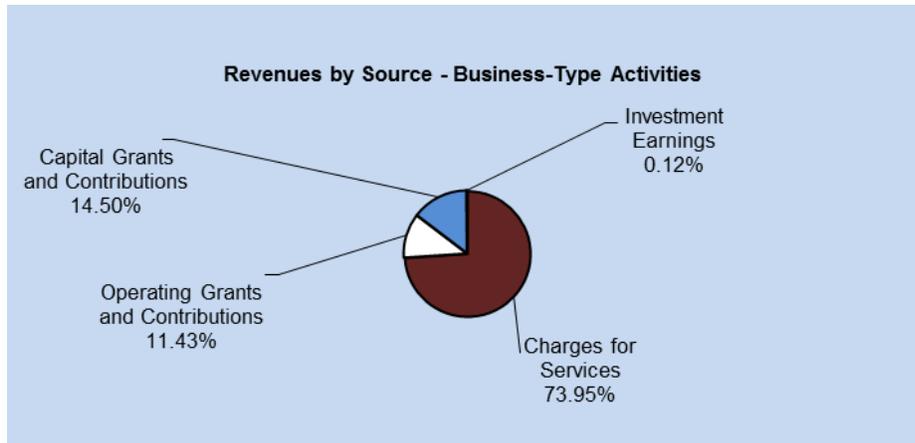
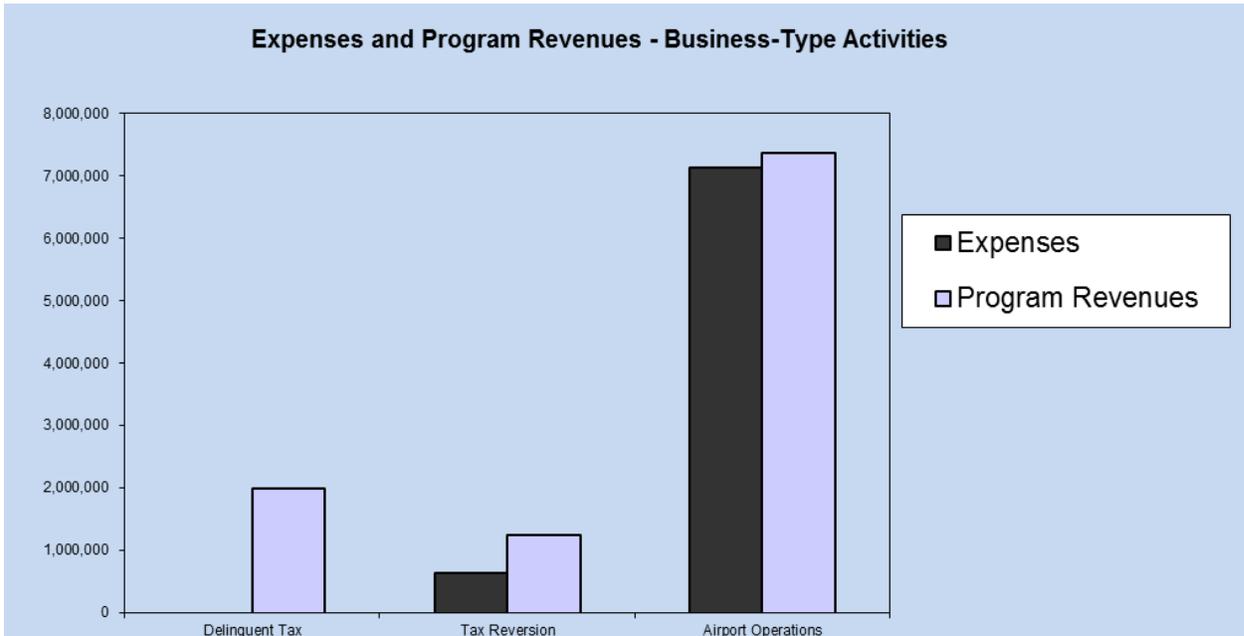
County of Kalamazoo, Michigan
December 31, 2014

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 \$4,778,377. The key elements of this decrease consist of the following:

- The Airport operations resulted in \$284,102 increase in net position. This is primarily due to an increase in capital contributions for prior year expenditures.
- The Delinquent Tax Revolving Fund saw a decrease in net position in the amount of \$5,307,238. This is a primarily the result of the planned transfer to the County for capital reserves.
- The Tax Reversion Fund saw an increase in net position in the amount of \$252,390. This is a result of the higher than expected proceeds from the sale of foreclosed property.



County of Kalamazoo, Michigan
December 31, 2014

Management Discussion and Analysis (Continued)

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.

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 44% of total, is at \$22.6 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 \$13.7 million for new buildings and renovations outlined in our Facilities Master Plan and \$3.5 million in the General Fund for the County's capital equipment needs, \$1.4 million for Law Enforcement, and \$4.1 million for Other Governmental Funds.

Restricted fund balances make up approximately \$3.0 million (6%) of the fund balance. Spending of these resources is constrained by externally imposed (statutory, bond covenant, contracts, or grantors) limitations on their use. \$2.5 million for budget stabilization of the General Fund. The remaining amounts are for debt service, capital, and special revenue funds.

Assigned fund balance represents 5% of total fund balance with spending constrained by the Board of County Commissioners. Assignments include \$2.6 million in the General Fund for an appropriation of the existing fund balance for the 2015 budget.

Unassigned fund balance represents the General Fund remaining fund balance. The General Fund unassigned fund balance is available to support general operations of the fund. The unassigned amount represents 45% 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 \$23,371,325, while total fund balance amounted to \$32,091,773. 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 37% 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 \$3.5 million 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
December 31, 2014

Management Discussion and Analysis (Continued)

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 \$1,388,521. The fund balance of the County's Law Enforcement Fund increased by \$1,068,477 during the current fiscal year. The key factor for change was lower than expected expenditures in public safety.

The Health Fund accounts for special revenue set aside for the purpose of providing health protection for citizens 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 \$20,697.

The General County Public Improvement Fund was established to account for renovation/construction projects performed on the County facilities. These projects are funded primarily by the General Fund. The County continues to transfer a portion of the State Shared Revenue payments into the General County Public Improvement Fund to pay for capital facility needs. The fund balance decreased in the amount of \$2,814,307 due to the construction payments for a new court facility and the continued implementation of the Facilities Master Plan bringing the total in the fund to \$13,664,347.

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 \$6.7 million. The net position for the Delinquent Tax Revolving Fund amounted to \$19.7 million and the net position for the Tax Reversion Fund totaled \$2.4 million. The Airport Fund had a total increase in net position of \$284,102, the Delinquent Tax Revolving Fund experienced a decrease in net position of \$5,307,238 and the Tax Reversion Fund saw an increase in net position in the amount of \$252,390. 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 a decrease of \$434,700 and differences between the original budget and the final amended budget expenditures were \$2,463,100 or a 4.8% increase in appropriations and are briefly summarized as follows:

- \$1,296,000 increase projected expenditures in Public Safety for expanded jail operational costs.
- \$1,123,400 increases in capital outlay.
- The \$982,100 change in Other Sources (Uses) with increases in transfers in and decreases in transfers out due to revised projections based on actual expense.
- \$5,000,000 in transfers-in/out associated with additional funding from the Delinquent Tax Revolving fund for general county capital improvement reserves.
- \$250,000 increase in expenditures for Landbank appropriations.
- \$1,200,000 increase in appropriations for State child care expenditures.

County of Kalamazoo, Michigan
December 31, 2014

Management Discussion and Analysis (Continued)

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

Revenues:

Intergovernmental - \$615,791. State revenue received for shared sales tax and convention & facilities tax was higher than State projections.

Charges for Services - \$(654,589). This revenue variance is primarily the result of lower than projected collections in the District Court for various fees and Sheriff Office State reimbursements for care of prisoners.

Fines and Forfeitures - \$(468,149). This revenue shortfall is primarily the result of a decrease in collections of ordinance fines and costs in the District Court.

Interest - \$201,139. This revenue increase is primarily the result of a gain on investments held by the Treasurer.

Other - \$332,466. This revenue overage is a result of increased reimbursements for indirect costs received through various grant funding sources and a one-time receipt of revenues related to an accommodations tax negotiated agreement.

Expenditures:

General Government - \$314,820. This activity was under budget due to lower than expected costs for utilities.

Public Safety - \$868,950. This activity was under budget primarily due to lower than anticipated costs for salary cost related to expanded jail operational expenses.

Judicial - \$745,932. This activity was under budget primarily due to lower than planned spending by the Circuit Court for State child care appropriations lower than expected court appointed attorney fees in the Circuit and District.

Other - \$1,418,963. This activity was under budget due to contingencies, reserves, and lower than anticipated insurance costs. No events occurred to necessitate contingency or reserve expenditures or budget stabilization.

Capital Outlay - \$1,283,929. This favorable budget variance was primarily due to the timing in the completion of the capital projects.

Transfers Out - \$637,558. 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, 2014, amounts to approximately \$137.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, furniture, machinery and equipment, vehicles and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was 6.6% (an increase of 14% for governmental activities and a decrease of 2.7% for business-type activities).

The major capital asset event during the current fiscal year was continued work on a new court facility, which is scheduled for completion in 2016.

County of Kalamazoo, Michigan
December 31, 2014

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>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Land	\$ 3,839	\$ 3,839	\$ 5,183	\$ 3,868	\$ 9,022	\$ 7,707
Construction in progress	7,492	24,797	816	1,585	8,308	26,382
Capital assets in progress	-	214	-	-	-	214
Intangible easements	147	121	-	-	147	121
Land improvements	9,304	7,519	15,678	16,262	24,982	23,781
Buildings and improvements	56,479	30,846	30,312	31,185	86,791	62,031
Machinery and equipment	3,141	2,741	3,912	4,550	7,053	7,291
Motor vehicles	998	1,291	-	-	998	1,291
Total	\$ 81,400	\$ 71,368	\$ 55,901	\$ 57,450	\$137,301	\$ 128,818

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

Long-Term Obligations. At the end of the current fiscal year, the County had total long-term obligations outstanding of \$53,338,634. 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>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Primary Government:						
Compensated absences	\$ 3,261	\$ 3,256	\$ -	\$ -	\$ 3,261	\$ 3,256
Bonds and notes	30,038	31,544	6,761	7,311	36,799	38,855
OPEB obligation	13,279	11,110	-	-	13,279	11,110
Total	\$ 46,578	\$ 45,910	\$ 6,761	\$ 7,311	\$ 53,339	\$ 53,221

The County's total obligation increased by roughly \$118,000 or .02% during the current fiscal year. Decrease in bonds was offset by an increase in compensated absences and the OPEB obligation.

County of Kalamazoo, Michigan
December 31, 2014

Management Discussion and Analysis (Concluded)

The County maintains an "AA+" rating from Standard & Poor's (upgraded March, 2015) 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 \$826,640,330, which is significantly higher than the County's outstanding general obligation debt. Additional information on the County's long-term obligations is found in Note 6 on Pages 64 to 66.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the County, as of April, 2015, is currently 4.2%, which is an increase in the rate from a year ago. This compares favorably to the state's average unemployment rate of 4.8% and is lower than the national average rate of 5.6%.
- Inflationary trends in the region compare favorably to national indices.
- Property values increased by 2.65% in 2015.

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 \$23,371,325. The County has an assigned amount of \$2,600,000 for spending in the 2015 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 2015 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

County of Kalamazoo, Michigan
December 31, 2014

Government-Wide Financial Statements
Statement of Net Position

<i>December 31, 2014</i>	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business- Type Activities</i>	<i>Total</i>	
Assets:				
Cash	\$ 14,680,054	\$ 10,304,649	\$ 24,984,703	\$ 9,918,587
Investments	63,641,547	6,625,146	70,266,693	9,719,716
Receivables:				
Accounts	2,272,886	1,568,316	3,841,202	9,395,024
Taxes, current	12,574,515	-	12,574,515	-
Taxes, delinquent	170,468	7,993,074	8,163,542	-
Due from State of Michigan	-	1,086,228	1,086,228	2,470,107
Interest	322,665	1,453,441	1,776,106	-
Intergovernmental	6,639,147	-	6,639,147	22,137
Inventories	150,582	24,273	174,855	2,868,455
Prepaid expenses	123,479	2,371	125,850	823,505
Bond discount	-	41,397	41,397	-
Other assets	160,940	-	160,940	159,162
Restricted assets:				
Cash	656,272	14,233	670,505	-
Receivables	-	49,393	49,393	-
Net pension asset	27,941,371	247,565	28,188,936	-
Land	3,838,956	5,182,498	9,021,454	22,649,976
Intangible easements	146,734	-	146,734	-
Construction in progress	7,492,359	815,681	8,308,040	581,048
Capital assets, net of accumulated depreciation	69,921,713	49,902,515	119,824,228	101,398,907
Total Assets	\$ 210,733,688	\$ 85,310,780	\$296,044,468	\$ 160,006,624
Deferred Outflows of Resources:				
Net difference between projected and actual investment earnings on pension plan investments	\$ 602,296	\$ 5,336	\$ 607,632	\$ -
Deferred charge on airport refunding bonds	-	443,818	443,818	-
Total Deferred Outflows of Resources	\$ 602,296	\$ 449,154	\$ 1,051,450	\$ -

County of Kalamazoo, Michigan
December 31, 2014

Government-Wide Financial Statements
Statement of Net Position

<i>December 31, 2014</i>	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business- Type Activities</i>	<i>Total</i>	
Liabilities:				
Checks issued against future deposits	\$ 15,636,648	\$ -	\$ 15,636,648	\$ -
Accounts payable	2,438,600	154,769	2,593,369	6,784,617
Retainage payable	673,032	-	673,032	-
Accrued liabilities	2,584,752	118,005	2,702,757	661,571
Interest payable	311,797	34,104	345,901	-
Intergovernmental payable	1,024,386	-	1,024,386	6,375,996
Liability for estimated claims	1,291,368	-	1,291,368	-
Other payables	284,653	15,319	299,972	-
Unearned revenue	222,898	15,217	238,115	677,858
Noncurrent liabilities:				
Due within one year	2,725,788	640,000	3,365,788	852,200
Due in more than one year	43,851,459	6,162,784	50,014,243	210,000
Total Liabilities	71,045,381	7,140,198	78,185,579	15,562,242
Deferred Inflows of Resources -				
Levied property taxes	13,992,146	-	13,992,146	-
Net Position:				
Net investment in capital assets	54,014,762	49,480,694	103,495,456	124,629,931
Restricted:				
Budget Stabilization	2,500,000	-	2,500,000	-
KCLBA	-	-	-	2,521,802
Pension Funds	27,941,371	247,565	28,188,936	-
Special Revenue Grants:				
Law Enforcement	1,388,521	-	1,388,521	-
Health	2,257	-	2,257	-
Other	4,691,617	-	4,691,617	-
Unrestricted	38,866,094	28,891,477	67,757,571	17,292,649
Total Net Position	\$ 129,404,622	\$ 78,619,736	\$208,024,358	\$ 144,444,382

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan
December 31, 2014

Government-Wide Financial Statements
Statement of Activities

<i>Year Ended December 31, 2014</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>
Primary Government:				
Governmental activities:				
General government	\$ 17,791,407	\$ 4,953,679	\$ 5,019,816	\$ -
Public safety	25,452,319	2,029,458	1,390,921	-
Public works	843,526	108,770	79,247	-
Health and welfare	28,763,908	1,685,714	17,251,266	-
Recreation and culture	4,690,557	3,524,463	2,562,781	-
Legislative	1,032,729	-	-	-
Judicial	20,157,134	4,066,792	7,584,795	-
Community Economic Development	178,482	-	-	-
Interest and fiscal charges	1,268,294	-	-	-
Total governmental activities	100,178,356	16,368,876	33,888,826	-
Business-type activities:				
Delinquent tax	-	1,987,138	-	-
Tax reversion	630,876	1,243,266	-	-
Airport operations	7,144,340	4,616,801	1,212,558	1,538,535
Total business-type activities	7,775,216	7,847,205	1,212,558	1,538,535
Total Primary Government	\$ 107,953,572	\$ 24,216,081	\$ 35,101,384	\$ 1,538,535
Component Units:				
Kalamazoo County Land Bank Authority	\$ 1,663,188	\$ 43,000	\$ 1,324,115	\$ 423,592
Road Commission	16,995,081	345,669	13,334,628	8,919,242
Kalamazoo Community Mental Health and Substance Abuse Services	88,931,001	3,140,275	80,724,048	-
Other	6,917,156	3,247	-	-
Total Component Units	\$ 114,506,426	\$ 3,532,191	\$ 95,382,791	\$ 9,342,834

General Revenues:

Property taxes levied for operating

Other

Unrestricted investment earnings

Total General Revenues

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position, beginning of year

GASB No. 65 Adjustment (Note 11)

GASB No. 68 Adjustment (Note 11)

Restated Net Position, beginning of year

Net Position, end of year

County of Kalamazoo, Michigan
December 31, 2014

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>
\$ (7,817,912)	\$ -	\$ (7,817,912)	\$ -
(22,031,940)	-	(22,031,940)	-
(655,509)	-	(655,509)	-
(9,826,928)	-	(9,826,928)	-
1,396,687	-	1,396,687	-
(1,032,729)	-	(1,032,729)	-
(8,505,547)	-	(8,505,547)	-
(178,482)	-	(178,482)	-
(1,268,294)	-	(1,268,294)	-
(49,920,654)	-	(49,920,654)	-
-	1,987,138	1,987,138	-
-	612,390	612,390	-
-	223,554	223,554	-
-	2,823,082	2,823,082	-
(49,920,654)	2,823,082	(47,097,572)	-
-	-	-	127,519
-	-	-	5,604,458
-	-	-	(5,066,678)
-	-	-	(6,913,909)
-	-	-	(6,248,610)
51,140,600	-	51,140,600	-
1,647,760	-	1,647,760	8,860,630
1,784,898	12,932	1,797,830	45,683
54,573,258	12,932	54,586,190	8,906,313
7,614,391	(7,614,391)	-	-
62,187,649	(7,601,459)	54,586,190	8,906,313
12,266,995	(4,778,377)	7,488,618	2,657,703
102,490,467	83,139,639	185,630,106	-
(14,525,549)	-	(14,525,549)	-
29,172,709	258,474	29,431,183	-
117,137,627	83,398,113	200,535,740	141,786,679
\$ 129,404,622	\$ 78,619,736	\$ 208,024,358	\$ 144,444,382

See accompanying notes to basic financial statements.

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Fund Financial Statements

County of Kalamazoo, Michigan

December 31, 2014

Government Funds
Balance Sheets

December 31, 2014	<u>Special Revenue</u>			General County Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
	General	Law Enforcement	Health			
Assets:						
Cash	\$ 15,869	\$ -	\$ -	\$ 7,565,068	\$ 4,293,230	\$11,874,167
Restricted cash	-	-	-	656,272	-	656,272
Investments	43,452,033	5,201,146	-	7,200,681	808,194	56,662,054
Receivables:						
Accounts	1,034,655	17,500	347,638	-	395,706	1,795,499
Taxes, current	1,253,079	9,822,430	-	-	1,499,006	12,574,515
Taxes, delinquent	124,747	45,721	-	-	-	170,468
Interest	203,607	55,244	-	30,302	-	289,153
Due from other government units	723,378	-	16,112	-	3,073,648	3,813,138
Inventories	28,683	-	26,106	-	-	54,789
Advances to other funds	159,313	-	-	-	-	159,313
Prepays	116,344	-	22,253	-	44,596	183,193
Total Assets	\$47,111,708	\$15,142,041	\$412,109	\$ 15,452,323	\$ 10,114,380	\$88,232,561

County of Kalamazoo, Michigan

December 31, 2014

Government Funds
Balance Sheets

December 31, 2014	<u>Special Revenue</u>			General County Public Improvement Fund	Other Governmental Funds	Total Governmental Funds
	General	Law Enforcement	Health			
Liabilities:						
Checks issued against future deposits	\$11,633,813	\$ 1,999,983	\$ 205,186	\$ -	\$ 1,797,666	\$15,636,648
Accounts payable	79,879	39,696	30,750	1,113,177	944,228	2,207,730
Retainage payable	-	-	-	673,032	-	673,032
Accrued liabilities	1,101,108	321,445	139,293	1,767	473,715	2,037,328
Liability for estimated claims	230,197	-	-	-	-	230,197
Due to other governmental units	910,663	-	5,896	-	107,827	1,024,386
Other payables	205,470	-	12,315	-	-	217,785
Advances from other funds	-	-	-	-	159,313	159,313
Unearned revenue	-	-	16,412	-	206,486	222,898
Total Liabilities	14,161,130	2,361,124	409,852	1,787,976	3,689,235	22,409,317
Deferred Inflows of Resources -						
Levied property taxes	858,805	11,392,396	-	-	1,740,945	13,992,146
Fund Balance:						
Non-spendable	145,027	-	2,257	-	44,596	191,880
Restricted for:						
Budget Stabilization	2,500,000	-	-	-	-	2,500,000
Special Revenue Grants	-	-	-	-	27,461	27,461
Law Enforcement	-	2,500	-	-	-	2,500
Debt Service	-	-	-	-	283,636	283,636
Capital Projects	-	-	-	-	220,276	220,276
Committed for future expenditures	3,475,421	1,386,021	-	13,664,347	4,108,231	22,634,020
Assigned to - Subsequent year's budget appropriation of fund balance	2,600,000	-	-	-	-	2,600,000
Unassigned	23,371,325	-	-	-	-	23,371,325
Total Fund Balance	32,091,773	1,388,521	2,257	13,664,347	4,684,200	51,831,098
Total Liabilities, Deferred Inflows, and Fund Balance	\$47,111,708	\$15,142,041	\$ 412,109	\$ 15,452,323	\$ 10,114,380	\$88,232,561

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan
December 31, 2014

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

<i>December 31, 2014</i>	<i>Amount</i>
Total Fund Balance - Total governmental funds (from Page 26)	\$ 51,831,098
 Amounts Reported for Governmental Activities in the Statement of Net Position are different because:	
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Capital assets, at cost	123,250,806
Accumulated depreciation	<u>(42,486,671)</u>
Net capital assets	80,764,135
 Other long-term assets are not available to pay for current period expenditures and, therefore, are unearned in the funds. These assets consist of:	
Unavailable taxes	3,106,205
Intergovernmental receivable	2,720,000
Bond discount	135,339
Net pension asset	27,941,371
Deferred outflow on pension plan investments	602,296
 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.	
	9,328,601
 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, 2014, were:	
Bonds payable	(30,105,000)
Net OPEB obligation	(13,279,008)
Compensated absences	(3,260,582)
Bond premium	(67,996)
Accrued interest on bonds	<u>(311,797)</u>
Net Position of Governmental Activities	\$129,404,662

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

December 31, 2014

Government Funds

Statements of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2014	<u>Special Revenue</u>			General County		Total Governmental Funds
	General	Law Enforcement	Health	Public Improvement Fund	Other Governmental Funds	
Revenues:						
Taxes	\$36,805,597	\$11,228,838	\$ -	\$ -	\$ 2,572,762	\$50,607,197
Licenses and permits	602,120	-	517,516	-	-	1,119,636
Intergovernmental	11,075,591	-	1,476,321	-	22,476,794	35,028,706
Charges for services	6,039,211	138,971	1,511,869	-	1,967,436	9,657,487
Fines and forfeitures	1,287,351	70,000	-	-	-	1,357,351
Interest	1,430,839	-	-	340,634	13,425	1,784,898
Other	1,389,166	-	717	9,726	868,868	2,268,477
Donations and contributions	18,631	-	5,220	-	497,192	521,043
Total Revenues	58,648,506	11,437,809	3,511,643	350,360	28,396,477	102,344,795
Expenditures:						
Current:						
General government	11,873,380	1,691,957	-	-	-	13,565,337
Public safety	17,007,750	6,771,168	-	-	648,445	24,427,363
Public works	-	-	-	-	843,528	843,528
Health and welfare	5,328,692	-	5,172,726	-	18,375,958	28,877,376
Recreation and culture	289,458	-	-	-	3,493,873	3,783,331
Legislative	1,032,729	-	-	-	-	1,032,729
Judicial	12,888,768	1,537,488	-	-	4,949,041	19,375,297
Other	251,337	150,042	-	-	521,732	923,111
Community Economic Development	-	-	-	-	178,482	178,482
Debt service:						
Principal	-	-	-	-	1,490,000	1,490,000
Interest and other charges	-	-	-	-	1,307,725	1,307,725
Capital outlay	790,472	-	-	10,963,467	948,910	12,702,849
Total Expenditures	49,462,586	10,150,655	5,172,726	10,963,467	32,757,694	108,507,128
Excess (Deficiency) of						
Revenues Over Expenditures	9,185,920	1,287,154	(1,661,083)	(10,613,107)	(4,361,217)	(6,162,333)
Other Financing Sources (Uses):						
Transfers in	7,827,617	-	1,640,386	7,798,800	4,731,752	21,998,555
Transfers out	(13,607,342)	(218,677)	-	-	(565,562)	(14,391,581)
Total Other Financing Sources (Uses)	(5,779,725)	(218,677)	1,640,386	7,798,800	4,166,190	7,606,974
Net Change in Fund Balance	3,406,195	1,068,477	(20,697)	(2,814,307)	(195,027)	1,444,641
Fund Balance, beginning of year	28,685,578	320,044	22,954	16,478,654	4,879,227	50,386,457
Fund Balance, end of year	\$32,091,773	\$ 1,388,521	\$ 2,257	\$ 13,664,347	\$ 4,684,200	\$51,831,098

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan
December 31, 2014

**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, 2014</i>	<i>Amount</i>
Net Change in Fund Balance - Total governmental funds (from Page 28)	\$ 1,444,641
 Amounts Reported for Governmental Activities in the Statement of Net Position are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	10,106,893
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable taxes	3,106,165
Intergovernmental receivable	(620,000)
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	1,490,000
Bond premium amortization	23,999
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	23,021
Compensated absences	(4,100)
Loss on disposal of asset	(47,258)
Net OPEB obligation	(2,169,367)
Pension expense	(629,042)
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 change in net position of the Internal Service Funds is reported in governmental activities.	(450,368)
Change in Net Position of Governmental Activities	\$ 12,266,995

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan
December 31, 2014

General Fund

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Taxes	\$36,512,000	\$36,552,000	\$36,805,597	\$ 253,597
Licenses and permits	577,600	577,600	602,120	24,520
Intergovernmental	10,567,800	10,459,800	11,075,591	615,791
Charges for services	6,751,100	6,693,800	6,039,211	(654,589)
Fines and forfeitures	1,754,500	1,755,500	1,287,351	(468,149)
Interest	1,244,700	1,229,700	1,430,839	201,139
Other	1,022,600	1,056,700	1,389,166	332,466
Donations and contributions	6,000	6,000	18,631	12,631
Total Revenues	58,436,300	58,331,100	58,648,506	317,406
Expenditures:				
Current:				
General government	11,986,400	12,188,200	11,873,380	314,820
Public safety	16,580,700	17,876,700	17,007,750	868,950
Health and welfare	5,226,000	5,167,800	5,328,692	(160,892)
Recreation and culture	300,100	301,300	289,458	11,842
Legislative	948,500	924,400	1,032,729	(108,329)
Judicial	12,687,400	13,634,700	12,888,768	745,932
Other	2,694,600	1,670,300	251,337	1,418,963
Capital outlay	951,000	2,074,400	790,472	1,283,928
Total Expenditures	51,374,700	53,837,800	49,462,586	4,375,214
Excess of Revenues Over Expenditures	7,061,600	4,493,300	9,185,920	(4,692,620)
Other Financing Sources (Uses):				
Transfers in	2,551,300	7,835,900	7,827,617	(8,283)
Transfers out	(9,942,400)	(14,244,900)	(13,607,342)	637,558
Total Other Financing Uses	(7,391,100)	(6,409,000)	(5,779,725)	629,275
Net Change in Fund Balance	(329,500)	(1,915,700)	3,406,195	5,321,895
Fund Balance, beginning of year	28,685,578	28,685,578	28,685,578	-
Fund Balance, end of year	\$28,356,078	\$26,769,878	\$32,091,773	\$ 5,321,895

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Taxes - Non-departmental	\$11,285,000	\$11,490,000	\$11,228,838	\$ (261,162)
Fines and forfeitures	70,000	70,000	70,000	-
Charges for services	-	-	138,971	138,971
Total Revenues	11,355,000	11,560,000	11,437,809	(122,191)
Expenditures -				
Judicial:				
Circuit Court - Trial Division	521,600	531,600	496,422	35,178
Circuit Court - Family Division	730,200	645,600	645,567	33
District Court	400,100	400,100	395,499	4,601
Total Judicial	1,651,900	1,577,300	1,537,488	39,812
General Government - Prosecuting Attorney	1,739,600	1,732,200	1,691,957	40,243
Public Safety:				
Community Corrections	11,000	11,000	6,255	4,745
Sheriff - Admin/Support	333,700	333,700	297,153	36,547
Sheriff - Jail	4,791,500	4,769,600	3,988,011	781,589
Sheriff - Field Operations	2,121,900	2,105,900	2,167,976	(62,076)
Animal Services and Enforcement	326,600	326,600	311,773	14,827
Total Public Safety	7,584,700	7,546,800	6,771,168	775,632
Other:				
Contingencies	50,000	50,000	-	50,000
Capital Improvements	273,600	284,000	150,042	133,958
Restricted Reserve	35,200	35,200	-	35,200
Total Other	358,800	369,200	150,042	219,158
Total Expenditures	11,335,000	11,225,500	10,150,655	1,074,845
Excess of Revenues Over Expenditures	20,000	334,500	1,287,154	952,654
Other Financing Uses -				
Transfers out:				
Friend of the Court Fund	(20,000)	(20,000)	(20,000)	-
Child Care Probate Fund	-	(182,000)	(182,000)	-
Public Safety Special Grants Fund	-	(30,000)	(16,677)	13,323
Total Other Financing Uses	(20,000)	(232,000)	(218,677)	13,323
Net Change in Fund Balance	-	102,500	1,068,477	965,977
Fund Balance, beginning of year	320,044	320,044	320,044	-
Fund Balance, end of year	\$ 320,044	\$ 422,544	\$ 1,388,521	\$ 965,977

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan
December 31, 2014

Health Fund

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal Grants	\$ 103,500	\$ 112,700	\$ 193,232	\$ 80,532
State Grants	1,333,300	1,368,600	1,283,069	(85,531)
Local unit contributions	-	-	20	20
Other	-	-	717	717
Donations and contributions	2,200	4,400	5,220	820
Charges for services	1,425,600	1,417,700	1,511,869	94,169
Licenses and permits	512,400	512,400	517,516	5,116
Total Revenues	3,377,000	3,415,800	3,511,643	95,843
Expenditures -				
Health and welfare	5,436,400	5,356,000	5,172,726	183,274
Total Expenditures	5,436,400	5,356,000	5,172,726	183,274
Deficiency of Revenues Over Expenditures	(2,059,400)	(1,940,200)	(1,661,083)	279,117
Other Financing Sources -				
Transfers in - General Fund	2,059,400	1,919,500	1,640,386	(279,114)
Total Other Financing Sources	2,059,400	1,919,500	1,640,386	(279,114)
Net Change in Fund Balance	-	(20,700)	(20,697)	3
Fund Balance, beginning of year	22,954	22,954	22,954	-
Fund Balance, end of year	\$ 22,954	\$ 2,254	\$ 2,257	\$ 3

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

December 31, 2014

Proprietary Funds
Statement of Net Position

December 31, 2014	Business-Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Airport	Delinquent Tax Revolving	Tax Reversion		
Assets:					
Current assets:					
Cash	\$ 1,060,681	\$ 7,434,187	\$ 1,809,781	\$ 10,304,649	\$ 2,805,887
Investments	4,124,386	2,500,760	-	6,625,146	6,979,493
Receivables:					
Accounts	520,743	321,765	594,216	1,436,724	608,979
Due from state of Michigan	1,086,228	-	-	1,086,228	-
Due from other funds	-	-	-	-	106,009
Taxes, delinquent	-	7,993,074	-	7,993,074	-
Interest	-	1,453,441	-	1,453,441	33,512
Inventories	24,273	-	-	24,273	95,793
Prepaid items	2,371	-	-	2,371	101,226
Total current assets	6,818,682	19,703,227	2,403,997	28,925,906	10,730,899
Noncurrent assets -					
Restricted assets:					
Cash	14,233	-	-	14,233	-
Accounts receivable	49,393	-	-	49,393	-
Pension asset	247,565	-	-	247,565	-
Bond discount	41,397	-	-	41,397	-
Land	5,182,498	-	-	5,182,498	-
Construction in progress	815,681	-	-	815,681	-
Capital assets, net of accumulated depreciation	49,902,515	-	-	49,902,515	635,627
Total noncurrent assets	56,253,282	-	-	56,253,282	635,627
Total Assets	\$ 63,071,964	\$ 19,703,227	\$ 2,403,997	\$ 85,179,188	\$ 11,366,526
Deferred Outflows of Resources:					
Net difference between projected and actual investment earnings on pension plan investments					
	\$ 5,336	\$ -	\$ -	\$ 5,336	\$ -
Deferred charge on airport refunding bonds					
	443,818	-	-	443,818	-
Total Deferred Outflows of Resources	\$ 449,154	\$ -	\$ -	\$ 449,154	\$ -

County of Kalamazoo, Michigan
December 31, 2014

Proprietary Funds
Statement of Net Position

<i>December 31, 2014</i>	<i>Business-Type Activities - Enterprise Funds</i>				<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Tax Reversion</i>	<i>Total</i>	
Liabilities:					
Current liabilities:					
Accounts payable	\$ 104,360	\$ -	\$ 50,409	\$ 154,769	\$ 518,571
Accrued liabilities	118,005	-	-	118,005	259,723
Liability for estimated claims	-	-	-	-	1,061,171
Deposits payable	15,319	-	-	15,319	66,868
Accrued interest	34,104	-	-	34,104	-
Unearned revenues	15,217	-	-	15,217	-
Current maturities of long-term debt	640,000	-	-	640,000	-
Total current liabilities	927,005	-	50,409	977,414	1,906,333
Noncurrent liabilities -					
General obligation limited tax bonds	6,162,784	-	-	6,162,784	-
Total Liabilities	7,089,789	-	50,409	7,140,198	1,906,333
Net Position:					
Net investment in capital assets	49,480,694	-	-	49,480,694	635,627
Restricted	247,565	-	-	247,565	-
Unrestricted	6,703,070	19,703,227	2,353,588	28,759,885	8,824,566
Total Net Position	\$ 56,431,329	\$ 19,703,227	\$ 2,353,588	\$ 78,488,144	\$ 9,460,193
Adjustment Reflecting Consolidation of Internal Service Fund Activities Related to Enterprise Funds				\$ 131,592	
Net Position of Business Type Activities				\$ 78,619,736	

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Business-Type Activities - Enterprise Funds</i>				<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Tax Reversion</i>	<i>Total</i>	
Operating Revenues:					
Charges for services:					
Airport concessions	\$ 940,468	\$ -	\$ -	\$ 940,468	\$ -
Airfield maintenance	661,842	-	-	661,842	-
Airport terminal maintenance	899,191	-	-	899,191	-
Airport parking	1,521,157	-	-	1,521,157	-
Airport leases site and other income	61,263	-	-	61,263	-
Penalties and interest	-	1,501,134	-	1,501,134	-
Collection fees	-	486,004	1,243,266	1,729,270	22,491,628
Total Operating Revenues	4,083,921	1,987,138	1,243,266	7,314,325	22,491,628
Operating Expenses:					
Airport administration	921,869	-	-	921,869	-
Airfield maintenance	1,119,032	-	-	1,119,032	-
Airport building maintenance	797,422	-	-	797,422	-
Airport parking	455,532	-	-	455,532	-
Airport security	390,773	-	-	390,773	-
Depreciation	3,200,475	-	-	3,200,475	242,837
Employee benefits	5,573	-	-	5,573	20,237,070
Other	(2,648)	-	630,876	628,228	2,469,506
Total Operating Expenses	6,888,028	-	630,876	7,518,904	22,949,413
Operating Income (Loss)	(2,804,107)	1,987,138	612,390	(204,579)	(457,785)
Nonoperating Revenues (Expenses):					
Passenger facility charges	532,880	-	-	532,880	-
Interest income	7,308	5,624	-	12,932	-
Federal revenue	1,175,058	-	-	1,175,058	-
Other contract revenue	37,500	-	-	37,500	-
Interest expense and charges	(248,681)	-	-	(248,681)	-
Total Nonoperating Revenues	1,504,065	5,624	-	1,509,689	-
Income (Loss) Before					
Contributions and Transfers	(1,300,042)	1,992,762	612,390	1,305,110	(457,785)
Capital Contributions Received	1,538,535	-	-	1,538,535	-
Transfers In (Out)	45,609	(7,300,000)	(360,000)	(7,614,391)	7,417
Change in Net Position	284,102	(5,307,238)	252,390	(4,770,746)	(450,368)
Net Position, beginning of year	55,888,753	25,010,465	2,101,198	83,000,416	9,910,561
GASB No. 68 Adjustment (Note 11)	258,474	-	-	258,474	-
Restated Net Position, beginning of year	56,147,227	25,010,465	2,101,198	83,258,890	-
Net Position, end of year	\$ 56,431,329	\$ 19,703,227	\$ 2,353,588	\$ 78,488,144	\$ 9,460,193
Change in Net Position of Business Type Activities				\$ (4,770,746)	
Adjustment to Reflect Current Year Effect for Consolidation of Internal Service Fund Activities Related to Enterprise Funds				(7,631)	
Change in Net Position of Business Type Activities				\$ (4,778,377)	

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

December 31, 2014

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2014	<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>	
Operating Activities:					
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ 22,310,805
Cash received from customers and users	2,990,985	3,189,029	1,143,873	7,323,887	-
Cash paid to employees	(932,848)	-	-	(932,848)	(986,190)
Cash paid for interfund services used	(374,326)	-	-	(374,326)	(1,307,728)
Cash paid to suppliers	(2,642,777)	-	(688,739)	(3,331,516)	(20,253,084)
Cash Provided by (Used in) Operating Activities	(958,966)	3,189,029	455,134	2,685,197	(236,197)
Capital and Related Financing Activities:					
Capital contributions	1,538,535	-	-	1,538,535	-
Passenger facility charges	532,880	-	-	532,880	-
Acquisition of capital assets	(1,653,019)	-	-	(1,653,019)	(222,020)
Principal paid on debt	(525,000)	-	-	(525,000)	-
Interest and fiscal charges paid	(243,207)	-	-	(243,207)	-
Cash Used in Capital and Related Financing Activities	(349,811)	-	-	(349,811)	(222,020)
Non-Capital Financing Activities:					
Cash received from other governmental units	1,214,075	-	-	1,214,075	-
Transfers from (to) other funds	45,609	(7,300,000)	(360,000)	(7,614,391)	7,417
Cash Provided by (Used in) Non-Capital Financing Activities	1,259,684	(7,300,000)	(360,000)	(6,400,316)	7,417
Investing Activities:					
Purchase of investments	(7,176)	(2,503,618)	-	(2,510,794)	-
Sale of investments	-	5,272,020	-	5,272,020	872,657
Interest received	7,308	5,624	-	12,932	-
Cash Provided by Investing Activities	132	2,774,026	-	2,774,158	872,657
Net Increase (Decrease) in Cash	(48,961)	(1,336,945)	95,134	(1,290,772)	421,857
Cash, beginning of year	1,123,875	8,771,132	1,714,647	11,609,654	2,384,030
Cash, end of year	\$ 1,074,914	\$ 7,434,187	\$ 1,809,781	\$ 10,318,882	\$ 2,805,887
Reconciliation of Cash to Statement of Net Position:					
Cash	\$ 1,060,681	\$ 7,434,187	\$ 1,809,781	\$ 10,304,649	\$ 2,805,887
Restricted cash	14,233	-	-	14,233	-
Total Cash at December 31, 2014	\$ 1,074,914	\$ 7,434,187	\$ 1,809,781	\$ 10,318,882	\$ 2,805,887

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan
December 31, 2014

Proprietary Funds
Statement of Cash Flows (Concluded)

<i>Year Ended December 31, 2014</i>	<i>Business-Type Activities - Enterprise Funds</i>				<i>Governmental</i>
	<i>Airport</i>	<i>Delinquent</i>		<i>Total</i>	<i>Activities -</i>
		<i>Tax</i>	<i>Tax</i>		<i>Internal</i>
		<i>Revolving</i>	<i>Reversion</i>		<i>Service Funds</i>
Reconciliation of Operating Income (Loss) to					
Cash Provided by (used in)					
Operating Activities:					
Operating income (loss)	\$ (2,798,534)	\$1,987,138	\$ 612,390	\$ (199,006)	\$ (457,785)
Adjustments to reconcile operating income					
(loss) to cash provided by (used in)					
operating activities:					
Depreciation and amortization	3,200,475	-	-	3,200,475	242,837
(Increase) decrease in:					
Accounts receivable	(6,708)	246,074	(99,393)	139,973	(62,974)
Taxes receivable	-	704,783	-	704,783	-
Penalties and interest receivable	-	251,034	-	251,034	(11,840)
Due from state of Michigan	(1,101,530)	-	-	(1,101,530)	-
Due from other funds	-	-	-	-	(106,009)
Inventories	21,129	-	-	21,129	9,734
Prepaid items	117,074	-	-	117,074	50,740
Increase (decrease) in:					
Deposits payable	789	-	-	789	19,294
Accounts payable	(383,477)	-	(57,863)	(441,340)	(332,645)
Accrued expenses	(6,682)	-	-	(6,682)	195,493
Unearned revenues	(1,502)	-	-	(1,502)	(14,054)
Liability for estimated claims	-	-	-	-	231,012
Cash Provided by (Used in) Operating Activities	\$ (958,966)	\$3,189,029	\$ 455,134	\$ 2,685,197	\$ (236,197)

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan
December 31, 2014

Fiduciary Funds
Statement of Fiduciary Net Position

<i>December 31, 2014</i>	<i>Primary Government</i>			
	<i>Trust Funds</i>			<i>Agency Funds</i>
	<i>Retiree Health Care Trust Fund</i>	<i>Pension Trust Fund</i>	<i>Cemetery Trust Fund</i>	
Assets:				
Cash and money market funds	\$ 10,266,478	\$ 5,328,769	\$ 4,653	\$ -
Receivables:				
Interest and dividends	82,471	330,574	-	-
Employer contributions	-	91,345	-	-
Accounts	175,678	-	-	555
Investments, at fair value:				
Mutual funds	-	83,843,666	-	-
Common trust funds	-	62,905,654	-	-
Corporate bonds	-	26,348,670	-	-
U.S. government securities	-	18,431,238	-	-
Pooled mortgages	-	6,039,621	-	-
Real estate pooled separate account	-	6,026,462	-	2,500,000
Total Assets	\$10,524,627	\$209,345,999	\$ 4,653	\$2,500,555
Liabilities:				
Checks issued against future deposits	\$ -	\$ -	\$ -	\$ 60,492
Vouchers and accounts payable	18,689	4,267,542	-	-
Due to other governmental units	164,414	-	-	358,496
Benefits payable	-	569,563	-	-
Other payables	-	-	725	2,081,567
Total Liabilities	183,103	4,837,105	725	2,500,555
Net Position Restricted -				
Held in trust:				
Other post-retirement benefits	10,341,524	-	-	-
Employees' pensions	-	204,508,894	-	-
Individuals and organizations	-	-	3,928	-
Total Net Position	10,341,524	204,508,894	3,928	-
Total Liabilities and Net Position	\$10,524,627	\$209,345,999	\$ 4,653	\$2,500,555

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

December 31, 2014

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

<i>Year Ended December 31, 2014</i>	<i>Primary Government</i>		
	<i>Trust Funds</i>		
	<i>Retiree Health Care Trust Fund</i>	<i>Pension Trust Fund</i>	<i>Cemetery Trust Fund</i>
Additions:			
Investment income:			
Interest and dividends	\$ 273,952	\$ 1,372,236	\$ -
Income on pooled separate accounts	-	286,399	-
Income on mutual funds	-	3,545,420	-
Net appreciation in fair value of investments	-	9,117,303	-
Retiree drug subsidy	95,661	-	-
Less investment expense	-	(793,083)	-
Net investment income	369,613	13,528,275	-
Contributions:			
Employer	3,221,696	1,985,340	-
Participant	643,168	-	-
Total contributions	3,864,864	1,985,340	-
Total Additions	4,234,477	15,513,615	-
Deductions:			
Benefit payments	3,734,337	11,408,049	-
Stop loss expense	172,108	-	-
Administrative expenses	257,974	252,272	-
Total Deductions	4,164,419	11,660,321	-
Change in Net Position	70,058	3,853,294	-
Net Position, beginning of year	10,271,466	200,655,600	3,928
Net Position, end of year	\$10,341,524	\$204,508,894	\$ 3,928

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan
December 31, 2014

Component Units
Combining Statement of Net Position

<i>December 31, 2014</i>	<i>September 30,</i> <u><i>2014</i></u> <i>Kalamazoo</i> <i>Community</i> <i>Mental</i>				<i>September 30,</i> <u><i>2014</i></u> <i>DHS/</i>			<i>Lake</i> <i>Level</i> <i>Fund</i>	<i>Total</i>
	<i>Kalamazoo</i> <i>County</i> <i>Land Bank</i> <i>Authority</i>	<i>Kalamazoo</i> <i>County</i> <i>Road</i> <i>Commission</i>	<i>Health and</i> <i>Substance</i> <i>Abuse</i> <i>Services</i>	<i>At-Large</i> <i>Drains</i>	<i>Transpor-</i> <i>tation</i> <i>Authority</i>	<i>Child</i> <i>Care</i> <i>Welfare</i>	<i>Welfare</i>		
Assets:									
Cash	\$ 589,526	\$ 5,266,572	\$ 1,375,204	\$1,007,530	\$ 1,289,453	\$356,672	\$33,630	\$	9,918,587
Investments	-	-	9,719,716	-	-	-	-	-	9,719,716
Accounts receivable	457,286	1,226,710	6,939,039	159,238	503,039	109,637	75	-	9,395,024
Due from									
state of Michigan	-	2,069,899	400,208	-	-	-	-	-	2,470,107
Due from providers	-	-	22,137	-	-	-	-	-	22,137
Inventory	1,963,306	905,149	-	-	-	-	-	-	2,868,455
Prepaid expenses	13,393	180,615	629,497	-	-	-	-	-	823,505
Capital assets not depreciated	-	21,959,065	1,271,959	-	-	-	-	-	23,231,024
Capital assets, net of									
accumulated depreciation	2,175,998	97,116,225	2,106,684	-	-	-	-	-	101,398,907
Other assets	-	117,584	41,578	-	-	-	-	-	159,162
Total Assets	\$5,199,509	\$ 128,841,819	\$ 22,506,022	\$1,166,768	\$ 1,792,492	\$466,309	\$33,705	\$	\$160,006,624
Liabilities:									
Accounts payable	\$ 274,042	\$ 738,553	\$ 5,470,888	\$ -	\$ 10,370	\$290,764	\$ -	\$	\$ 6,784,617
Accrued liabilities	15,392	479,475	156,867	-	9,837	-	-	-	661,571
Due to other government units	-	-	-	-	-	175,545	-	-	175,545
Due to state of Michigan	-	-	1,994,841	159,261	-	-	-	-	2,154,102
Due to affiliates	-	-	3,560,196	-	-	-	-	-	3,560,196
Due to providers	-	-	486,153	-	-	-	-	-	486,153
Unearned revenue	2,275	-	675,583	-	-	-	-	-	677,858
Noncurrent liabilities:									
Due within one year	-	-	852,125	-	-	-	75	-	852,200
Due in more than one year	210,000	-	-	-	-	-	-	-	210,000
Total Liabilities	501,709	1,218,028	13,196,653	159,261	20,207	466,309	75	\$	15,562,242
Net Position:									
Net investment in capital									
assets	2,175,998	119,075,290	3,378,643	-	-	-	-	-	124,629,931
Restricted	2,521,802	-	-	-	-	-	-	-	2,521,802
Unrestricted	-	8,548,501	5,930,726	1,007,507	1,772,285	-	33,630	-	17,292,649
Total Net Position	4,697,800	127,623,791	9,309,369	1,007,507	1,772,285	-	33,630	\$	144,444,382
Total Liabilities and Net Position	\$5,199,509	\$ 128,841,819	\$ 22,506,022	\$1,166,768	\$ 1,792,492	\$466,309	\$33,705	\$	\$160,006,624

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan
December 31, 2014

Component Units
Combining Statement of Activities

<i>Year Ended December 31, 2014</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>
Component Units:				
Kalamazoo County Land Bank Authority	\$ 1,663,188	\$ 43,000	\$ 1,324,115	\$ 423,592
Kalamazoo County Road Commission	16,995,081	345,669	13,334,628	8,919,242
Kalamazoo Community Mental Health and Substance Abuse Services - September 30, 2014 Health and Welfare	88,931,001	3,140,275	80,724,048	-
At-Large Drains	159,959	-	-	-
Kalamazoo County Transportation Authority - September 30, 2014	3,481,740	-	-	-
DHS/Child Care Welfare	3,273,786	3,247	-	-
Lake Level Fund	1,671	-	-	-
Total Component Units	\$114,506,426	\$3,532,191	\$ 95,382,791	\$ 9,342,834

General Revenues:
 Unrestricted investment earnings
 Other

Total General Revenues

Change in Net Position

Net Position, beginning of year

Net Position, end of year

County of Kalamazoo, Michigan
December 31, 2014

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>Kalamazoo County Transportation Authority</i>	<i>DHS/ Child Care Welfare</i>	<i>Lake Level Fund</i>	<i>Total</i>
\$ 127,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,519
-	5,604,458	-	-	-	-	-	5,604,458
-	-	(5,066,678)	-	-	-	-	(5,066,678)
-	-	-	(159,959)	-	-	-	(159,959)
-	-	-	-	(3,481,740)	-	-	(3,481,740)
-	-	-	-	-	(3,270,539)	-	(3,270,539)
-	-	-	-	-	-	(1,671)	(1,671)
127,519	5,604,458	(5,066,678)	(159,959)	(3,481,740)	(3,270,539)	(1,671)	(6,248,610)
534	-	41,329	508	3,296	-	16	45,683
570,611	99,826	1,550,779	181,679	3,183,749	3,270,539	3,447	8,860,630
571,145	99,826	1,592,108	182,187	3,187,045	3,270,539	3,463	8,906,313
698,664	5,704,284	(3,474,570)	22,228	(294,695)	-	1,792	2,657,703
3,999,136	121,919,507	12,783,939	985,279	2,066,980	-	31,838	141,786,679
\$ 4,697,800	\$ 127,623,791	\$ 9,309,369	\$ 1,007,507	\$ 1,772,285	\$ -	\$ 33,630	\$ 144,444,382

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

December 31, 2014

Notes to Basic Financial Statements

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.

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.

County of Kalamazoo, Michigan

December 31, 2014

Notes to Basic Financial Statements (Continued)

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 2014 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.

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.

County of Kalamazoo, Michigan

December 31, 2014

Notes to Basic Financial Statements (Continued)

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

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

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.

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

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.

The County reports the following enterprise funds:

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

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

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

County of Kalamazoo, Michigan

December 31, 2014

Notes to Basic Financial Statements (Continued)

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 custodial capacity. Funds primarily represent taxes and court fees to be distributed to other governmental units or private entities.

Measurement Focus and Basis of Accounting

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

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available if they are collected within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the County considers revenues available if they are collected within 90 days of the end of the current fiscal period except taxes, which must be collected within 60 days. Taxes, intergovernmental revenues, and interest associated with the current period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.

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

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

Cash, Cash Equivalents, and Investments

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

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

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

Interfund Transactions

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

Inventories and Prepaid Expenditures

Inventories reported in the Proprietary Funds are valued at the lower of cost or market. Cost is determined under the first-in, first-out (FIFO) method. Inventories of the discretely presented component units are presented at average cost. The cost of governmental fund type inventories is recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

Capital Assets

Capital assets, which include property, buildings, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets having a useful life in excess of three years and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at their market value as of the donation date. Infrastructure assets, including roads, bridges, and traffic signals have been included as current year acquisitions by the Kalamazoo County Road Commission. Retroactive reporting of infrastructure by the Kalamazoo County Road Commission was implemented in 2003.

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

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

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

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, 2014.

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.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and is not recognized as expense until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not recognized as revenue until then.

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, 2014 (summer tax). The remaining Law Enforcement Fund and Juvenile Home Building Project Fund property taxes were levied on December 1, 2014 (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 6.3607 mills and a total taxable value of real and personal property of \$7,959,552,381.

The County levied \$36,342,845 for the General Fund summer property tax. Amounts collected prior to March 1, 2015, were available for use and recorded as property tax revenues in 2014. Any amounts not collected were unearned for use for the year ended December 31, 2015.

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

The County levied winter property taxes of \$1,736,076 and \$11,346,675 for the Juvenile Home Fund and Law Enforcement Fund, respectively during 2014. Winter property taxes for the Juvenile Home Fund and Law Enforcement Fund are deferred and budgeted for use for the year ended December 31, 2015.

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 investment in capital assets, net of related debt if the assets are not owned.

Net Position

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

Fund Balance

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

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

- *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.

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.

County of Kalamazoo, Michigan

December 31, 2014

Notes to Basic Financial Statements (Continued)

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, 2015, through June 26, 2015, 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 Kalamazoo County Transportation Authority (KCTA). 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.

At December 31, 2014, \$54,105,335 of the County's bank balances of \$57,155,585 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>
Uninsured and Uncollateralized:			
County	\$ 32,196,728	\$ 15,665,903	\$47,862,631
County Road Commission	5,262,705	-	5,262,705
At-Large Drains	979,999	-	979,999
Total Uninsured and Uncollateralized	\$ 38,439,432	\$15,665,903	\$54,105,335

At September 30, 2014, \$1,361,596 of KCMHSAS' bank balances of \$11,331,708 were exposed to custodial credit risk.

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

At September 30, 2014, \$687,027 of KCTA's bank balances of \$1,073,824 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, 2014, 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	\$ 43,215,200	\$ 13,100,380	\$ 24,267,553	\$ 5,209,408	\$ 637,859
Money Market	18,662,633	18,662,633	-	-	-
Total	\$61,877,833	\$31,763,013	\$24,267,553	\$5,209,408	\$ 637,859

KCMHSAS' investment policy complies with the state statutes and has no additional investment restrictions that would limit its investment choices. As of September 30, 2014, KCMHSAS had the following investments and maturities, excluding certificates of deposits:

	<i>Fair Value</i>	<i>Investment Maturities Less Than One Year</i>
Money Market	\$ 126,194	\$ 126,194

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 investments are not exposed to custodial risk since the securities are either held by the counterparty in the name of KCMHSAS or uncategorized as to risk. KCMHSAS does not have any additional policies for mitigating custodial credit risk over investments.

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

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
December 31, 2014

Notes to Basic Financial Statements (Continued)

At December 31, 2014, the County's investments had the following credit ratings:

<i>Debt Investments</i>	<i>Fair Value</i>	<i>S&P Rating</i>					<i>No Rating</i>
		<i>AAA</i>	<i>AA</i>	<i>A</i>	<i>BBB</i>		
Federal Home Loan Bank (FHLB)	\$ 8,325,593	\$ -	\$ 8,325,593	\$ -	\$ -	\$ -	-
Federal Home Loan Mortgage Corporation (FHLMC)	1,959,291	-	1,959,291	-	-	-	-
Federal National Mortgage Association (FNMA)	6,357,388	921,758	5,435,630	-	-	-	-
Allen Park - TXB-A	808,819	-	-	302,607	506,212	-	-
Alpena MI Regl Med	770,221	-	-	-	-	-	770,221
Avondale School District - TXB	100,496	100,496	-	-	-	-	-
Bank of America StrNt	679,159	-	-	-	-	-	679,159
Berrien County	458,788	-	458,788	-	-	-	-
Caledonia SCHS-T	248,543	-	248,543	-	-	-	-
Cheboygan Area Schools	271,738	-	271,738	-	-	-	-
Colon Schools	243,653	-	243,653	-	-	-	-
Grand Rapids- Bld	544,984	-	544,984	-	-	-	-
Hartland Consolidated School District	554,831	-	554,831	-	-	-	-
Kalamazoo Cap	207,565	-	207,565	-	-	-	-
Kalamazoo Schools - B	554,334	-	554,334	-	-	-	-
Kalamazoo- RF- DOW	374,144	-	374,144	-	-	-	-
Kent County Amt Ref	628,551	-	628,551	-	-	-	-
Lansing Charter-Ref	933,324	-	-	933,324	-	-	-
Macomb Bldg-A-RE	967,950	967,950	-	-	-	-	-
MI Mun DB Auth	218,419	-	218,419	-	-	-	-
MI FIN-D-LOC GOV	746,821	-	746,821	-	-	-	-
MI ST-Ref-B-Txb	1,030,951	-	1,030,951	-	-	-	-
Michigan Housing Development	190,875	-	190,875	-	-	-	-
Michigan Municipal Bond	825,552	573,759	-	251,793	-	-	-
Michigan State	2,323,214	-	2,323,214	-	-	-	-
Michigan Taxable Service	301,428	-	301,428	-	-	-	-
Midland Water Supply	148,667	-	148,667	-	-	-	-
Oakland County - Bld	1,000,936	1,000,936	-	-	-	-	-
Oakland County - MI Ctfs Partn	219,933	219,933	-	-	-	-	-
Oakland Schools	805,167	-	805,167	-	-	-	-
Portage Schools	346,313	-	346,313	-	-	-	-
Roseville School District	543,227	-	543,227	-	-	-	-
Southfield Schools Ref	502,190	-	502,190	-	-	-	-

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

<i>Debt Investments</i>	<i>Fair Value</i>	<i>S&P Rating</i>				
		<i>AAA</i>	<i>AA</i>	<i>A</i>	<i>BBB</i>	<i>No Rating</i>
Wells Fargo Bank	\$ 486,630	\$ -	\$ -	\$ -	\$ -	\$ 486,630
St Johns Schools - QS	250,114	-	250,114	-	-	-
University of Michigan Revs	300,911	300,911	-	-	-	-
Van Dyke School	601,683	-	-	-	-	601,683
Warren B Ref	362,548	-	362,548	-	-	-
Warren	1,902,265	-	1,902,265	-	-	-
Wayne ARPT-JR LI	1,785,256	-	-	1,785,256	-	-
Wayne Charter County	3,082,464	-	-	82,325	-	3,000,139
Western Michigan Univ-Ref	250,264	-	-	250,264	-	-
Totals by Rating	\$ 43,215,200	\$ 4,085,743	\$ 29,479,844	\$ 3,605,569	\$ 506,212	\$ 5,537,832

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, 2014, the money market investment held had no rating.

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, 2014, 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, 2014, 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, 2014, the System had deposit balances of \$5,328,769, all of which were uninsured and uncollateralized.

County of Kalamazoo, Michigan
December 31, 2014

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, 2014, 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>
Debt Securities:					
Asset Backed Corporate Bonds	\$ 1,253,808	\$ -	\$ 1,062,794	\$ -	\$ 191,014
Corporate Bonds	17,177,430	45,373	6,275,388	6,036,518	4,820,151
Collateralized Mortgage Obligation Securities (CMO)	65,832	-	65,832	-	-
Federal Home Loan Mortgage Corporation (FHLMC)	833,710	-	-	-	833,710
Federal National Mortgage Association (FNMA)	5,140,079	-	17,046	-	5,123,033
Government Issue FICO Strip Securities	1,963,519	-	1,800,656	-	162,863
U.S. Treasury Bonds	24,385,151	-	11,196,864	1,036,938	12,151,349
Total	50,819,529	\$ 45,373	\$20,418,580	\$7,073,456	\$23,282,120
Other Investments:					
Equity Index Collective Trust Fund	62,905,654				
U.S. Small Cap Equity Mutual Fund	20,540,560				
Mutual International Small Cap Fund	18,150,559				
Mutual Emerging Markets Fund	17,991,580				
U.S. Micro Cap Equity Mutual Fund	10,419,346				
U.S. Large Cap Equity Mutual Fund	10,354,610				
REIT Index Inst	6,387,011				
Real Estate Pooled Separate Account	6,026,462				
Total Investments	\$ 203,595,311				

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
December 31, 2014

Notes to Basic Financial Statements (Continued)

As of December 31, 2014, the System had the following credit ratings:

<i>Debt Investments</i>	<i>Fair Value</i>	<i>S&P Rating</i>				
		<i>AAA</i>	<i>AA</i>	<i>A</i>	<i>BBB</i>	<i>Unrated</i>
Asset Backed						
Corporate Bonds	\$ 1,253,808	\$ 1,184,692	\$ -	\$ -	\$ -	\$ 69,116
Corporate Bonds	17,177,430	106,707	2,944,115	8,597,513	5,529,095	-
Collateralized Mortgage Obligation						
Securities (CMO)	65,832	-	65,832	-	-	-
Federal Home Loan Mortgage Corporation (FHLMC)						
	833,710	-	833,710	-	-	-
Federal National Mortgage Association (FNMA)						
	5,140,079	-	5,140,079	-	-	-
Government Issue FICO Strip Securities						
	1,963,519	-	-	-	-	1,962,519
U.S. Treasury Bonds	24,385,151	-	-	-	-	24,385,151
Totals by Rating	\$50,819,529	\$ 1,291,399	\$ 8,983,736	\$ 8,597,513	\$ 5,529,095	\$26,416,786

<i>Funds</i>	<i>Fair Value</i>	<i>Morningstar Rating</i>		
		<i>★★</i>	<i>★★★</i>	<i>★★★★</i>
U.S. Micro Cap Equity Mutual Fund	\$ 10,419,346	\$ -	\$ -	\$ 10,419,346
Equity Index Collective Trust Fund	62,905,654	-	62,905,654	-
International Small Cap Mutual Fund	18,150,559	-	-	18,150,559
Emerging Markets Mutual Fund	17,991,580	-	17,991,580	-
U.S. Large Cap Equity Mutual Fund	10,354,610	-	-	10,354,610
U.S. Small Cap Equity Mutual Fund	20,540,560	-	-	20,540,560
REIT Index Inst	6,387,011	-	-	6,387,011
Totals by Rating	\$ 146,749,320	\$ -	\$ 80,897,234	\$ 65,852,086

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
December 31, 2014

Notes to Basic Financial Statements (Continued)

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, 2014, 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, 2014, 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, 2014, the System invested \$18,151,000 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 are invested in such companies in any one country.

County of Kalamazoo, Michigan
December 31, 2014

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	\$ 159,313

<i>Fund</i>	<i>Advances from Other Funds</i>
Capital Projects - Drain Revolving Fund	\$ 159,238
Capital Projects - Lake Level Revolving Fund	\$ 75

To accommodate the payment of Drain Revolving Fund and Lake Level Revolving Fund related expenditures prior to assessments levied, the General Fund has advanced \$159,238 to the Drain Revolving Fund and \$75 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, 2014.

Interfund Transfers

Interfund transfers for the year ended December 31, 2014, 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	\$ -	\$ -	\$ 167,617	\$ 7,660,000	\$ 7,827,617
Health Fund	1,640,386	-	-	-	1,640,386
General County Public Improvement Fund	7,798,800	-	-	-	7,798,800
Nonmajor Governmental	4,122,547	218,677	390,528	-	4,731,752
All others	45,609	-	7,417	-	53,026
Total Transfers Out	\$ 13,607,342	\$ 218,677	\$ 565,562	\$ 7,660,000	\$ 22,051,581

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
December 31, 2014

Notes to Basic Financial Statements (Continued)

5. Capital Assets

Capital asset activity for the year ended December 31, 2014, consists of the following:

<i>Primary Government</i>	<i>Balance, January 1, 2014</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, December 31, 2014</i>
Government Activities:				
Capital assets not depreciated:				
Land	\$ 3,838,956	\$ -	\$ -	\$ 3,838,956
Construction in progress (estimated costs to complete \$16,896,000)	24,797,269	7,528,359	24,833,269	7,492,359
Capital assets in progress	214,153	-	214,153	-
Intangible easements	121,504	25,230	-	146,734
Capital assets depreciated:				
Land improvements	12,402,138	2,413,762	-	14,815,900
Buildings and improvements	59,198,680	27,987,477	-	87,186,157
Furniture, machinery, and equipment	7,794,988	1,289,104	138,291	8,945,801
Vehicles	4,599,293	285,719	450,727	4,434,285
Law library books	405,392	-	-	405,392
Totals at Historical Cost	113,372,373	39,529,651	25,636,440	127,265,584
Less accumulated depreciation:				
Land improvements	4,882,812	628,886	(385)	5,512,083
Buildings and improvements	28,352,836	2,338,172	(16,576)	30,707,584
Furniture, machinery, and equipment	5,054,397	547,524	(203,197)	5,805,118
Vehicles	3,308,360	531,640	404,355	3,435,645
Law library books	405,392	-	-	405,392
Total accumulated depreciation	42,003,797	4,046,222	184,197	45,865,822
Total Governmental Activities - Net Capital Assets	\$ 71,368,576	\$ 35,483,429	\$ 25,452,243	\$ 81,399,762

Depreciation expense charged to governmental functions consisted of the following:

General government	\$ 445,974
Public safety	896,380
Health and welfare	285,208
Recreation and culture	1,001,382
Judicial	1,417,278
Total Depreciation Expense	\$ 4,046,222

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

<i>Primary Government</i>	<i>Balance, January 1, 2014</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, December 31, 2014</i>
Business-Type Activities:				
Capital assets not depreciated:				
Land	\$ 3,868,097	\$ 1,314,401	\$ -	\$ 5,182,498
Construction in progress (estimated costs to complete \$286,000)	1,584,721	1,784,467	2,553,507	815,681
Capital assets depreciated:				
Land improvements	43,970,585	1,051,089	-	45,021,674
Buildings and improvements	41,599,485	56,570	-	41,656,055
Furniture, machinery, and equipment	11,144,077	-	30,345	11,113,732
Totals at Historical Cost	102,166,965	4,206,527	2,583,852	103,789,640
Less accumulated depreciation:				
Land improvements	27,708,108	1,635,501	-	29,343,609
Buildings and improvements	10,414,877	928,714	-	11,343,591
Furniture, machinery, and equipment	6,594,313	636,260	28,827	7,201,746
Total accumulated depreciation	44,717,298	3,200,475	28,827	47,888,946
Total Business-Type Activities - Net Capital Assets	\$ 57,449,667	\$ 1,006,052	\$ 2,555,025	\$ 55,900,694

Capital asset activity for the Kalamazoo Community Mental Health and Substance Abuse Services for the year ended September 30, 2014, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, October 1, 2013</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, September 30, 2014</i>
Kalamazoo Community Mental Health and Substance Abuse Services:				
Capital Assets:				
Capital assets not depreciated:				
Land	\$ 690,911	\$ -	\$ -	\$ 690,911
Construction in progress	34,620	589,334	(42,906)	581,048
Capital assets depreciated:				
Buildings and improvements	3,752,457	-	-	3,752,457
Equipment and furniture	1,878,209	-	39,115	1,917,324
Motor vehicles	27,000	-	-	27,000
Total Capital Assets	6,383,197	589,334	(3,791)	6,968,740
Less accumulated depreciation	3,016,699	573,777	(379)	3,590,097
Total Kalamazoo Community Mental Health and Substance Abuse Services Capital Assets, net	\$ 3,366,498	\$ 15,557	\$ (3,412)	\$ 3,378,643

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

Capital asset activity for the Kalamazoo County Road Commission for the year ended December 31, 2014, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, January 1, 2014</i>	<i>Additions</i>	<i>Deletions/ Transfers</i>	<i>Balance, December 31, 2014</i>
Road Commission Capital Assets:				
Capital assets not depreciated:				
Land and improvements, infrastructure	\$ 21,093,285	\$ 159,845	\$ -	\$ 21,253,130
Land and improvements	705,935	-	-	705,935
Capital assets depreciated:				
Buildings and improvements	4,117,823	123,051	-	4,240,874
Road equipment	8,814,667	681,274	(693,317)	8,802,624
Other equipment	632,566	18,527	(9,787)	641,306
Infrastructure and improvements	172,498,154	10,528,624	(7,220,121)	175,806,657
		-		
Total Capital Assets	207,862,430	11,511,321	(7,923,225)	211,450,526
Less accumulated depreciation	92,211,769	8,083,870	(7,920,403)	92,375,236
Total Kalamazoo County Road Commission Capital Assets, net	\$ 115,650,661	\$ 3,427,451	\$ (2,822)	\$ 119,075,290

Capital asset activity for the Kalamazoo County Land Bank for the year ended December 31, 2014, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, January 1, 2014</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance, December 31, 2014</i>
Kalamazoo County Land Bank Capital Assets -				
Capital assets depreciated - Rental properties	\$ 2,302,368	\$ 106,183	\$ -	\$ 2,408,551
Less accumulated depreciation	114,701	117,852	-	232,553
Total Kalamazoo County Land Bank Capital Assets, net	\$2,187,667	\$(11,669)	\$ -	\$ 2,175,998

County of Kalamazoo, Michigan
December 31, 2014

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, 2014</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance, December 31, 2014</i>	<i>Due Within One Year</i>
Government Activities:					
Bonds and notes payable -					
General obligation debt	\$ 31,595,000	\$ -	\$ 1,490,000	\$ 30,105,000	\$ 1,605,000
Other liabilities:					
Compensated absences	3,256,482	2,550,748	2,546,648	3,260,582	1,120,788
Net OPEB obligation	11,109,641	5,033,067	2,863,700	13,279,008	-
	45,961,123	7,583,815	6,900,348	46,644,590	2,725,788
Net Bond Premium	91,995	-	23,999	67,996	-
Net Bond Discount	(142,928)	-	(7,589)	(135,339)	-
Total Long-Term Liabilities - Governmental Activities	\$ 45,910,190	\$ 7,583,815	\$ 6,916,758	\$ 46,577,247	\$ 2,725,788
Business-Type Activities:					
Bonds payable -					
General obligation debt	\$ 6,945,000	\$ -	\$ 525,000	\$ 6,420,000	\$ 640,000
Net Bond Premium	411,493	-	28,709	382,784	-
Net Bond Discount	(45,459)	-	(4,062)	(41,397)	-
Total Long-Term Liabilities - Business-Type Activities	\$ 7,311,034	\$ -	\$ 549,647	\$ 6,761,387	\$ 640,000
<u>Discretely Presented</u>					
<u>Component Units</u>					
Total Long-Term Liabilities - Business-Type Activities -					
Compensated absences	\$ 980,839	\$ 883,937	\$ 1,012,576	\$ 852,200	\$ 852,200

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

Long-term bonds and notes at December 31, 2014 consist of the following:

<i>Primary Government</i>	<i>Final Maturity Dates</i>	<i>Interest Rates</i>	<i>Outstanding Balance</i>
Governmental Activities:			
1982 Water Supply System No. 1 Bonds	5/1/2020	5.00%	\$ 60,000
1996 Sewage Disposal System No. 7 Bonds	5/1/2016	4.75-7.75%	250,000
2010 Sewage Disposal Indian/Pickerel Lake Bonds	12/1/2017	4.00%	820,000
2012 Cooper Township Sewage Disposal System Bonds	5/1/2021	1.96%	935,000
2005 Village of Augusta Water Supply	5/1/2025	2.13%	465,000
2008 Townline Drain	3/1/2018	2.40-4.55%	190,000
Total Governmental Activities - without associated assets			\$ 2,720,000
<hr/>			
2007 Juvenile Home Facilities Bond	4/1/2032	4.50-5.00%	\$24,950,000
2011 Expo Center Improvement Bonds	4/1/2026	3.20%	2,435,000
Total Governmental Activities - with associated assets			\$27,385,000
<hr/>			
Business-Type Activities with associated assets -			
2012 Airport Refunding Bonds	5/1/2028	2.00-4.00%	\$ 6,420,000
Total Business-Type Activities - with associated assets			\$ 6,420,000

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 investment in capital assets.

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 investment in capital assets, net of related debt.

There are a number of limitations and restrictions contained in the various debt issues. At December 31, 2014, the County complied with all significant limitations and restrictions.

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

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 requirement 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>
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	1,485,000	1,006,601	605,000	130,625
2020-2024	7,820,000	4,105,882	2,600,000	309,175
2025-2029	8,420,000	2,309,384	725,000	44,650
2030-2034	6,000,000	414,000	-	-
	\$30,105,000	\$12,450,955	\$6,420,000	\$1,196,100

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, 2014, there was one Industrial Revenue Bond outstanding: W.B.C. Properties Limited Partnership Project, 5.75% \$6,500,000 Series, issued September 1, 1985, due in full in 2015.

7. Retirement Commitments

Kalamazoo County Employees' Retirement System (the System)

Summary of Significant Accounting Policies

Basis of Accounting

The Kalamazoo County Employees' Retirement System (the System) 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.

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

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.

Pensions

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

Plan Description

The System is a single-employer, defined benefit pension plan, which provides retirement and disability benefits to eligible plan members and beneficiaries. The System was established by the Kalamazoo County Board of Commissioners and is administered by the Kalamazoo County Retirement Investment Committee. The Kalamazoo County (the County), Kalamazoo Road Commission (the Road Commission), and Kalamazoo Community Mental Health and Substance Abuse Services (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.

Eligibility

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

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

As of December 31, 2013, the date of the latest actuarial valuation, the System's membership consisted of the following:

	<i>Kalamazoo County Government</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>	<i>Kalamazoo County Road Commission</i>	<i>Total</i>
Retirees and beneficiaries currently receiving benefits	284	26	42	352
Terminated members not yet receiving benefits	141	40	8	189
Current active members:				
Vested	324	83	29	436
Nonvested	326	131	13	470
Total Plan Membership	1,075	280	92	1,447

Contributions

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

<i>Year ended December 31,</i>	2014	2013
Kalamazoo County:		
Airport	0.00%	0.00%
AS&E/B&G/Parks	6.01%	11.63%
District Court	2.50%	3.65%
Head Start I	0.00%	0.00%
Head Start II	0.00%	0.00%
Juvenile Court	10.09%	12.14%
Juvenile Home	0.00%	1.31%
Non-Represented	4.42%	8.02%
Sheriff Command	0.00%	0.00%
Kalamazoo Community Mental Health and Substance Abuse Services:		
Managerial	11.68%	14.99%
Professional	3.68%	4.91%
TOPS	6.80%	8.66%
Road Commission - All eligible employees	0.00%	0.00%

The Sheriff Command no longer has active members and therefore no contribution rate can be determined based on a percentage of payroll. The County contributed a fixed dollar amount for the Sherriff Command of \$37,485 and \$40,592 for the years ended December 31, 2014 and 2013, respectively.

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

The employers' actual contributions were as follows:

<i>Year ended December 31, 2014</i>	Annual Required Contributions	Actual	Percent Contributed
Kalamazoo County Government	\$ 1,302,099	\$ 1,302,099	100.0%
Kalamazoo County Road Commission	-	-	100.0%
Kalamazoo Community Mental Health and Substance Abuse Services	683,241	683,241	100.0%
Total Contributions	\$ 1,985,340	\$ 1,985,340	100.0%

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

The System maintains a member deposit fund, which is used to accumulate contributions made by plan members and related accrued interest. As detailed in the plan document, the fund is legally required to distribute individual employee contributions and related interest, upon request by a terminated plan member. The balance in the member deposit fund at December 31, 2014, is approximately \$563,000.

Net Pension Asset

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. The net position liability and pension expense should be measured as of the pension plan's fiscal year end (measurement date) on a date that is within the employer's prior fiscal year. If the actuarial valuation used to determine the total pension liability is not calculated as of the measurement date, the total pension liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total pension liability shown in this report is based on an actuarial valuation performed as of December 31, 2013, and a measurement date of December 31, 2014.

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

Net Pension Asset of the System

The components of the net pension asset of the System at December 31, 2014 were as follows:

	<i>Kalamazoo County Government</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>	<i>Kalamazoo County Road Commission</i>	<i>Total</i>
Total pension liability	\$ (107,508,124)	\$ (56,411,194)	\$ (2,390,536)	\$ (161,528,782)
Plan fiduciary net position	135,697,060	71,202,370	2,390,536	204,508,894
Net Pension Asset	28,188,936	\$ 14,791,176	\$ -	\$ 42,980,112
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability				 126.61%

Actuarial Assumptions

The total pension asset was determined by an actuarial valuation as of December 31, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary increases*:	3.5% to 9.5% (Kalamazoo County Government)
	3.5% to 5.5% (Kalamazoo Community Mental Health and Substance Abuse Services)
	3.5% to 8.2% (Kalamazoo County Road Commission)
Investment rate of return*	7.50%

**Includes inflation at 3.5%*

Mortality rates were based on the 1994 Group Annuity Mortality Table.

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

<i>Fiscal year ended December 31, 2014</i>	<i>Total Plan</i>
Total Pension Liability	
Service cost	\$ 3,629,274
Interest on the total pension liability	11,540,803
Benefit payments and refunds	(11,408,049)
Net Change in Total Pension Liability	3,762,028
Total Pension Liability, beginning	157,766,754
Total Pension Liability, ending (a)	\$ 161,528,782
Plan Fiduciary Net Position	
Contributions - employer	\$ 1,985,340
Pension plan net investment income	13,528,275
Benefit payments and refunds	(11,408,049)
Pension plan administrative expenses	(252,272)
Net Change in Plan Fiduciary Net Position	3,853,294
Plan Fiduciary Net Position, beginning	200,655,600
Plan Fiduciary Net Position, ending (b)	\$ 204,508,894
Net Pension Asset - Ending (a) - (b)	\$ 42,980,112
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	126.61%
Covered Employee Payroll*	\$ 41,180,449
Net Pension Asset as a Percentage of Covered Payroll	104.37%

**Reflects payroll as of the actuarial valuation date one year prior to the measurement date.*

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of the pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocations percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation of December 31, 2014 (see the discussion of the System's investment policy) are summarized in the following table:

<i>Asset Class</i>	Long-Term Expected Real Rate of Return*
U.S. Small Cap (Manager 1)	6.00%
U.S. Small Cap (Manager 2)	6.00%
International Developed Equity	5.00%
U.S. Large Cap (Manager 1)	5.00%
U.S. Large Cap (Manager 2)	5.00%
Emerging Markets	6.75%
Domestic Fixed Income	0.75%
Real Estate (Manager 1)	3.75%
Real Estate (Manager 2)	3.75%

* *Real rate of return is based on investment manager inflation assumption of 2.25%*

Discount Rate

A single discount rate of 7.50% was used to measure the total pension asset. This single discount rate was based on the expected rate of return on System investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. There was not a change in assumptions from prior year. Therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payments to determine the total pension asset.

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following table presents the System's net pension asset, calculated using a single discount rate of 7.50%, as well as what the System's net pension asset would be if it were calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher:

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Net Pension Asset	\$22,376,328	\$42,980,112	\$60,258,847

	<i>Kalamazoo County Government</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>	<i>Kalamazoo County Road Commission</i>	<i>Total</i>
Net Pension Asset	\$28,188,936	\$ -	\$14,791,176	\$42,980,112
Proportionate Share	65.59%	0.00%	34.41%	100.00%
Deferred Outflows of Resources - Net difference between projected and investment earnings on pension plan investments	607,632	-	318,834	926,466
Pension Expense - Proportionate share of plan pension expense	634,615	-	332,993	967,608

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 2014 contribution of \$2,158,900. 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
December 31, 2014

Notes to Basic Financial Statements (Continued)

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 2014 contributions on behalf of the District Court employees in the amount of \$32,647. 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, 2014, KCMHSAS and its employees each contributed \$666,971. 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
December 31, 2014

Notes to Basic Financial Statements (Continued)

Currently, there are 334 retirees of the primary government, 93 retirees of the FOP, 48 retirees of the Road Commission, and 44 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, 2013, 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
December 31, 2014

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	2012	\$ 5,334,543	\$ 2,737,000	51.31%
	2013	\$ 5,407,221	\$ 2,772,000	51.69%
	2014	\$ 5,033,067	\$ 2,863,700	56.90%
Kalamazoo Community Mental Health and Substance Abuse Services	2012	\$ 376,544	\$ 479,537	127.35%
	2013	\$ 366,102	\$ 445,684	123.34%
	2014	\$ 245,207	\$ 238,751	97.40%
Kalamazoo County Road Commission	2012	\$ 217,684	\$ 194,069	89.15%
	2013	\$ 222,255	\$ 168,504	75.69%
	2014	\$ 182,624	\$ 119,245	65.30%
Totals	2012	\$ 5,928,771	\$ 3,410,606	57.53%
	2013	\$ 5,995,578	\$ 3,386,188	56.48%
	2014	\$ 5,460,898	\$ 3,221,696	59.00%

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, 2014</i>	<i>Kalamazoo County Government</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>	<i>Kalamazoo County Road Commission</i>
Annual Required Contribution (ARC)	\$ 5,127,397	\$ 238,751	\$ 182,851
Interest on new OPEB obligation	444,386	(58,209)	2,559
Adjustment to ARC	(538,716)	64,665	(2,786)
Annual OPEB cost	5,033,067	245,207	182,624
Contributions made	2,863,700	238,751	119,245
Increase in net OPEB obligation	2,169,367	6,456	63,379
Net OPEB Obligation (Asset), December 31, 2013	11,109,641	(776,121)	34,120
Net OPEB Obligation (Asset), December 31, 2014	\$ 13,279,008	\$ (769,665)	\$ 97,499
Percentage of Annual OPEB Cost Contributed	56.90%	97.37%	65.30%

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

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

The funded status of the plan, as of December 31, 2013, was as follows:

	<i>Kalamazoo County Government</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>	<i>Kalamazoo County Road Commission</i>	<i>Total</i>
Actuarial Accrued Liability (AAL)	\$ 86,776,528	\$ 4,621,935	\$ 3,245,689	\$94,644,152
Actuarial value of plan assets	5,560,607	3,148,454	1,562,405	10,271,466
Unfunded Actuarial Accrued Liability (UAAL)	\$81,215,921	\$ 1,473,481	\$1,683,284	\$84,372,686
Funded ratio				
(actuarial value of plan assets/AAL)	6.4%	68.1%	48.2%	10.9%
Covered payroll (active plan members)	\$ 40,160,494	\$ 10,116,884	\$ 2,300,517	\$52,577,895
UAAL as a percentage of covered payroll	202.2%	14.6%	72.9%	160.5%

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

8. Claims Arising from Risks of Loss

Primary Government (the County)

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

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

The Employee Benefit Fund provides coverage for up to a maximum of \$500,000 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.

County of Kalamazoo, Michigan

December 31, 2014

Notes to Basic Financial Statements (Continued)

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 2014 and 2013, consists of the following:

<i>General Fund</i>	<i>Beginning of Year Liability</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>End of Year Liability</i>
General liability and crime:				
2013	\$ 385,885	\$ 345,467	\$ (464,616)	\$ 266,736
2014	\$ 266,736	\$ 118,248	\$ (154,787)	\$ 230,197

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 2014 and 2013, 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:				
2013	\$ 258,973	\$ 411,321	\$ (300,268)	\$ 370,026
2014	\$ 370,026	\$ 492,788	\$ (304,792)	\$ 558,022
Employee health and medical:				
2013	\$ 441,571	\$ 6,183,857	\$ (6,188,837)	\$ 436,591
2014	\$ 436,591	\$ 6,819,198	\$ (6,773,189)	\$ 482,600
Employee dental:				
2013	\$ 24,475	\$ 439,940	\$ (440,873)	\$ 23,542
2014	\$ 23,542	\$ 383,023	\$ (386,016)	\$ 20,549

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Continued)

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 (KCMHSAS)

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

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County of Kalamazoo, Michigan

December 31, 2014

Notes to Basic Financial Statements (Continued)

9. Stewardship, Compliance and Accountability

Violations of Legal or Contractual Provisions

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, 2014</i>	<i>Excess Expenditures</i>
General Fund:	
<i>Legislative - County Administration</i>	\$ (123,826)
<i>Judicial - Circuit Court - Family Division</i>	(6,276)
<i>General Government - Human Resources</i>	(46,404)
<i>General Government - Treasurer</i>	(342)
<i>Public Safety - Animal Services and Enforcement</i>	(4,071)
<i>Health and Welfare:</i>	
Human Services Administration	(42,865)
Soldier and Sailor Relief	(4,541)
Kalamazoo Community Mental Health	(161,866)
Public Housing	(40,227)
<i>Transfers Out:</i>	
Friend of the Court	(17,085)
Drain Commissioner Office Grants	(129)
Airport	(9)
Special Revenue Funds:	
Parks and Recreation Fund -	
<i>Transfers Out - Capital Outlay</i>	(18,150)
Accommodation Tax Fund -	
<i>Transfers Out:</i>	
General Fund	(224)
Expo Center Debt Service	(136,076)
Parks and Recreation Fund:	133,898
Community Corrections Fund -	
<i>Public Safety</i>	(945)
Public Safety Fund -	
<i>Capital Outlay</i>	(274,709)

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

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

At December 31, 2014, the System's investment in common stocks was 68.5% of plan assets at market value, thereby not exceeding the limit allowed by law.

County of Kalamazoo, Michigan
December 31, 2014

Notes to Basic Financial Statements (Concluded)

Department of Labor (DOL)

During the 2014 audit, the DOL determined the Sheriff's Department was in violation of various Fair Labor Standards Act (FLSA) laws. The Sheriff's Department is working with the DOL to rectify the violations.

10. Commitments and Contingencies

At December 31, 2014, the County had the following contractual construction commitments:

	<i>Project Authorization</i>	<i>Expended Through December 31, 2014</i>	<i>Committed</i>	<i>Required Future Financing</i>
Airport improvements	\$ 4,346,903	\$ 4,074,907	\$ 285,847	\$ *
Governmental activities	22,730,876	7,958,948	14,771,928	-
	\$ 27,077,779	\$12,033,855	\$15,057,775	\$ -

* 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: 90%, 5%, and 5%, respectively.

The County leases several facilities under non-cancelable agreements that have been classified as operating leases. Total cost for such leases were \$239,161 in 2014. The future minimum lease payments for these leases consist of the following:

<i>Year Ending December 31,</i>	<i>Amount</i>
2015	\$ 233,211
2016	232,021
2017	100,001
	\$ 565,233

11. Implementation of GASB Statement No. 68 and Correction of Implementation of GASB Statement No. 65

For the year ended December 31, 2014, the County implemented GASB Statement No. 68 and corrected the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities and Accounting and Financial Reporting for Pensions*, which resulted in an adjustment to the Government-Wide Net Position of (\$14,525,549) and \$29,431,183, respectively.

Required Supplementary Information

County of Kalamazoo, Michigan
December 31, 2014

Kalamazoo County Employees' Retirement System
Schedule of Changes in Employers' Net Pension Asset and Related Ratios

<i>Fiscal year ended December 31, 2014</i>	<i>County</i>	<i>Authority</i>	<i>Road Commission</i>	<i>Total Plan</i>
Total Pension Liability				
Service cost	\$ 2,380,296	\$ 1,248,978	\$ -	\$ 3,629,274
Interest on the total pension liability	7,707,833	3,919,375	(86,405)	11,540,803
Benefit payments and refunds	(8,321,899)	(782,019)	(2,304,131)	(11,408,049)
Net Change in Total Pension Liability	1,766,230	4,386,334	(2,390,536)	3,762,028
Total Pension Liability, beginning	105,741,894	52,024,860	-	157,766,754
Total Pension Liability, ending (a)	\$ 107,508,124	\$ 56,411,194	\$ (2,390,536)	\$ 161,528,782
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,302,099	\$ 683,241	\$ -	\$ 1,985,340
Pension plan net investment income	8,929,324	4,685,356	(86,405)	13,528,275
Benefit payments and refunds	(8,321,899)	(782,019)	(2,304,131)	(11,408,049)
Pension plan administrative expenses	(165,455)	(86,817)	-	(252,272)
Net Change in Plan Fiduciary Net Position	1,744,069	4,499,761	(2,390,536)	3,853,294
Plan Fiduciary Net Position, beginning	133,952,991	66,702,609	-	200,655,600
Plan Fiduciary Net Position, ending (b)	\$ 135,697,060	\$ 71,202,370	\$ (2,390,536)	\$ 204,508,894
Net Pension Asset - Ending (a) - (b)	\$ 28,188,936	\$ 14,791,176	\$ -	\$ 42,980,112
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	126.22%	126.22%	N/A	126.61%
Covered Employee Payroll*	\$ 28,124,717	\$ 10,833,010	\$ 2,222,722	\$ 41,180,449
Net Pension Asset as a Percentage of Covered Employee Payroll	100.23%	136.54%	0.00%	104.37%

* Reflects payroll as of the actuarial valuation date one year prior to the measurement date.

County of Kalamazoo, Michigan
December 31, 2014

Kalamazoo County Employees' Retirement System
Schedule of Contributions

Total System					
<i>Fiscal year ended December 31,</i>	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,985,340	\$ 1,985,340	\$ -	\$ 41,180,449	4.82%
County					
<i>Fiscal year ended December 31,</i>	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,302,099	\$ 1,302,099	\$ -	\$ 28,124,717	4.63%
Authority					
<i>Fiscal year ended December 31,</i>	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 683,241	\$ 683,241	\$ -	\$ 10,833,010	6.31%
Road Commission					
<i>Fiscal year ended December 31,</i>	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ -	\$ -	\$ -	\$ 2,222,722	0.00%

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is immediately prior to the beginning of the fiscal year in which contributions are reported.

County of Kalamazoo, Michigan
December 31, 2014

Kalamazoo County Employees' Retirement System
Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percent-of-Payroll, Open Period
Remaining Amortization Period	10 years
Asset Valuation Method	Market Value with 5-year smoothing
Inflation	3.5% (which includes price inflation of 2.5%)
Salary Increases - General County	3.5% to 9.5%
Salary Increases - Mental Health Authority	3.5% to 5.5%
Salary Increases - Road Commission	3.5% to 8.2%
Investment Rate of Return	7.5% net of investment and administrative expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2004 - 2008.
Mortality	1994 Group Annuity Mortality Table

Other Information

There were no benefit changes during the year.

County of Kalamazoo, Michigan

December 31, 2014

Schedule of Funding Progress

Other Post Employment Benefits - Retiree Health Trust

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial 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)
	\$	\$	\$		\$	
Kalamazoo County Government:						
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%
Kalamazoo County Road Commission:						
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%
Kalamazoo Community Mental Health and Substance Abuse Services:						
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%
Totals:						
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

County of Kalamazoo, Michigan
December 31, 2014

General Fund
Schedule of Sources and Uses of Financial Resources

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

December 31, 2014

General Fund
Schedule of Sources and Uses of Financial Resources

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
<i>Taxes:</i>				
Non-departmental - Property taxes	\$ 36,452,000	\$ 36,492,000	\$ 36,729,542	\$ 237,542
Treasurer	60,000	60,000	76,055	16,055
<i>Total Taxes</i>	<i>36,512,000</i>	<i>36,552,000</i>	<i>36,805,597</i>	<i>253,597</i>
<i>Licenses and Permits:</i>				
County Clerk/Register of Deeds	65,700	65,700	64,750	(950)
Animal Services and Enforcement	464,400	464,400	480,349	15,949
Treasurer	10,000	10,000	14,786	4,786
Soil Erosion and Sedimentation Control	23,500	23,500	24,107	607
Medical Examiner	14,000	14,000	18,128	4,128
<i>Total Licenses and Permits</i>	<i>577,600</i>	<i>577,600</i>	<i>602,120</i>	<i>24,520</i>
<i>Federal Grants:</i>				
Sheriff	52,000	53,600	28,740	(24,860)
Emergency Management	31,700	31,700	51,659	19,959
Prosecuting Attorney	95,250	95,250	105,979	10,729
<i>Total Federal Grants</i>	<i>178,950</i>	<i>180,550</i>	<i>186,378</i>	<i>5,828</i>
<i>State Grants:</i>				
State Shared Revenue	4,148,800	4,148,800	4,472,082	323,282
State Court Fund Distribution	1,244,000	1,244,000	1,201,457	(42,543)
Convention and Tourism	2,091,700	2,091,700	2,415,533	323,833
Elections	5,000	5,000	2,584	(2,416)
Friend of the Court	239,000	241,500	242,993	1,493
Circuit Court - Trial Division	186,300	185,700	178,192	(7,508)
Circuit Court - Family Division	342,500	342,500	343,618	1,118
District Court	368,200	368,200	359,804	(8,396)
Prosecuting Attorney	28,850	28,850	64,071	35,221
Probate Court	148,500	148,500	148,250	(250)
Sheriff	34,500	34,500	11,228	(23,272)
County Clerk/Register of Deeds	2,500	2,500	2,046	(454)
<i>Total State Grants</i>	<i>8,839,850</i>	<i>8,841,750</i>	<i>9,441,858</i>	<i>600,108</i>

County of Kalamazoo, Michigan

December 31, 2014

General Fund

Schedule of Sources and Uses of Financial Resources (Continued)

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues (Continued):				
<i>Local Unit Contributions:</i>				
Sheriff	\$ 1,544,300	\$ 1,432,800	\$ 1,443,310	\$ 10,510
Veteran's Affairs	4,700	4,700	4,045	(655)
<i>Total Local Unit Contributions</i>	<i>1,549,000</i>	<i>1,437,500</i>	<i>1,447,355</i>	<i>9,855</i>
<i>Charges for Services:</i>				
Circuit Court - Administration	693,000	617,900	613,360	(4,540)
District Court	2,351,000	2,351,000	1,796,166	(554,834)
Friend of the Court	180,000	180,000	174,851	(5,149)
Probate Court	66,500	66,500	81,135	14,635
Elections	75,000	92,800	214,278	121,478
County Clerk/Register of Deeds	2,000,300	2,000,300	1,980,822	(19,478)
Equalization	-	-	1,000	1,000
Prosecuting Attorney	26,500	26,500	30,052	3,552
Treasurer	43,100	43,100	41,756	(1,344)
Drain Commissioner	2,500	2,500	1,150	(1,350)
Sheriff	1,219,400	1,219,400	1,009,577	(209,823)
Animal Services and Enforcement	75,100	75,100	70,992	(4,108)
HCS Administration	-	-	675	675
MSU Extension	9,200	9,200	9,200	-
Planning	9,500	9,500	14,197	4,697
<i>Total Charges for Services</i>	<i>6,751,100</i>	<i>6,693,800</i>	<i>6,039,211</i>	<i>(654,589)</i>
<i>Fines and Forfeitures:</i>				
Circuit Court - Administration	22,000	23,000	34,958	11,958
District Court	1,660,000	1,660,000	1,204,769	(455,231)
Prosecuting Attorney	72,100	72,100	47,204	(24,896)
Treasurer	100	100	420	320
Soil Erosion and Sedimentation Control	300	300	-	(300)
<i>Total Fines and Forfeitures</i>	<i>1,754,500</i>	<i>1,755,500</i>	<i>1,287,351</i>	<i>(468,149)</i>
<i>Interest and Rents</i>	<i>1,244,700</i>	<i>1,229,700</i>	<i>1,430,839</i>	<i>201,139</i>

County of Kalamazoo, Michigan

December 31, 2014

General Fund

Schedule of Sources and Uses of Financial Resources (Continued)

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues (Concluded):				
<i>Other:</i>				
Non-departmental Revenue	\$ -	\$ -	\$ 131,470	\$ 131,470
Circuit Court - Administration	800	4,300	4,465	165
District Court	45,000	45,000	41,436	(3,564)
Probate Court	3,000	3,000	4,638	1,638
Family Counseling Services	23,700	23,700	24,675	975
County Clerk/Register of Deeds	5,000	5,000	2,994	(2,006)
Finance	12,800	27,800	28,144	344
Indirect Costs	645,800	661,400	845,375	183,975
Prosecuting Attorney	2,000	2,000	3,744	1,744
Treasurer	200	200	37	(163)
Drain Commissioner	600	600	100	(500)
Sheriff	268,200	268,200	290,123	21,923
Animal Services and Enforcement	15,500	15,500	12,040	(3,460)
Emergency Management	-	-	(75)	(75)
<i>Total Other</i>	<i>1,022,600</i>	<i>1,056,700</i>	<i>1,389,166</i>	<i>332,466</i>
<i>Contributions and Donations:</i>				
County Clerk/Register of Deeds	-	-	851	851
Sheriff	1,000	1,000	280	(720)
Animal Services and Enforcement	-	-	12,500	12,500
MSU Extension	5,000	5,000	5,000	-
<i>Total Contributions and Donations</i>	<i>6,000</i>	<i>6,000</i>	<i>18,631</i>	<i>12,631</i>
Total Revenues	58,436,300	58,331,100	58,648,506	317,406

County of Kalamazoo, Michigan

December 31, 2014

General Fund

Schedule of Sources and Uses of Financial Resources (Continued)

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Expenditures:				
<i>Legislative:</i>				
Board of Commissioners	\$ 209,000	\$ 209,000	\$ 198,464	\$ 10,536
County Administration	531,100	504,000	627,826	(123,826)
Legal Services	208,400	211,400	206,439	4,961
<i>Total Legislative</i>	<i>948,500</i>	<i>924,400</i>	<i>1,032,729</i>	<i>(108,329)</i>
<i>Judicial:</i>				
Circuit Court - Administration	5,359,800	6,574,000	6,040,958	533,042
Circuit Court - Trial Division	450,200	413,800	412,957	843
Circuit Court - Family Division	861,700	778,700	784,976	(6,276)
District Court	5,121,300	4,959,000	4,742,953	216,047
Jury Board	3,300	3,300	3,157	143
Probate Court	891,100	905,900	903,767	2,133
<i>Total Judicial</i>	<i>12,687,400</i>	<i>13,634,700</i>	<i>12,888,768</i>	<i>745,932</i>
<i>General Government:</i>				
Elections	384,000	410,600	405,040	5,560
County Clerk/Register of Deeds	664,400	643,400	637,740	5,660
Resource Development	60,800	53,300	50,830	2,470
Finance	1,287,200	1,265,100	1,250,397	14,703
Equalization	449,100	397,100	375,803	21,297
Human Resources	539,800	564,200	610,604	(46,404)
Information Systems	920,200	891,600	868,787	22,813
Prosecuting Attorney	2,284,200	2,260,800	2,226,356	34,444
Treasurer	745,400	989,700	990,042	(342)
Building and Grounds	2,293,100	2,300,400	2,279,647	20,753
Utilities	1,189,100	1,189,100	1,030,806	158,294
Security	564,100	541,800	512,164	29,636
Drain Commissioner	287,300	288,400	247,898	40,502
Soil Erosion and Sedimentation Control	86,800	83,300	83,093	207
Planning and Community Development	155,900	159,400	154,173	5,227
Appropriation to SW Michigan First	75,000	150,000	150,000	-
<i>Total General Government</i>	<i>11,986,400</i>	<i>12,188,200</i>	<i>11,873,380</i>	<i>314,820</i>

County of Kalamazoo, Michigan
December 31, 2014

General Fund
Schedule of Sources and Uses of Financial Resources (Continued)

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Expenditures (Concluded):				
<i>Public Safety:</i>				
Sheriff	\$ 15,707,500	\$ 17,017,100	\$ 16,208,632	\$ 808,468
Animal Services and Enforcement	609,200	595,600	599,671	(4,071)
Emergency Management	213,300	213,300	153,281	60,019
Adult Probation	50,700	50,700	46,166	4,534
<i>Total Public Safety</i>	<i>16,580,700</i>	<i>17,876,700</i>	<i>17,007,750</i>	<i>868,950</i>
<i>Health and Welfare:</i>				
Human Services Administration	1,031,400	967,500	1,010,365	(42,865)
Veteran's Affairs	119,700	115,900	112,460	3,440
Medical Examiner	540,100	540,100	515,219	24,881
Veteran's Burial	105,000	105,000	89,742	15,258
Soldier and Sailor Relief	9,800	9,800	14,341	(4,541)
<i>Appropriations to:</i>				
Kalamazoo Community Mental Health and Substance Abuse Services	2,663,900	2,663,900	2,825,766	(161,866)
Public Housing	125,000	153,500	193,727	(40,227)
Michigan Department of Human Services	19,000	-	(45,028)	45,028
Child Care Welfare	612,100	612,100	612,100	-
<i>Total Health and Welfare</i>	<i>5,226,000</i>	<i>5,167,800</i>	<i>5,328,692</i>	<i>(160,892)</i>
<i>Recreation and Culture - MSU Extension</i>	<i>300,100</i>	<i>301,300</i>	<i>289,458</i>	<i>11,842</i>
<i>Other:</i>				
Contingencies	200,500	371,500	-	371,500
Reserves	1,415,000	425,200	-	425,200
At-Large Drains	12,500	12,500	11,993	507
DD/MI/Other Personnel Costs	423,900	-	-	-
Insurance and Surety Bonds	627,700	827,700	224,905	602,795
Strategic Issues	15,000	33,400	14,439	18,961
<i>Total Other</i>	<i>2,694,600</i>	<i>1,670,300</i>	<i>251,337</i>	<i>1,418,963</i>
<i>Capital Outlay</i>	<i>951,000</i>	<i>2,074,400</i>	<i>790,472</i>	<i>1,283,928</i>
Total Expenditures	51,374,700	53,837,800	49,462,586	4,375,214
Excess of Revenues Over Expenditures	7,061,600	4,493,300	9,185,920	(4,692,620)

County of Kalamazoo, Michigan
December 31, 2014

General Fund
Schedule of Sources and Uses of Financial Resources (Concluded)

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Other Financing Sources:				
<i>Transfers In:</i>				
Accommodation Tax Fund	\$ 34,800	\$ 34,800	\$ 37,024	\$ 2,224
Internal Delinquent Tax Revolving Fund	2,300,000	7,300,000	7,300,000	-
Tax Reversion Fund	110,000	360,000	360,000	-
Circuit Court Grants	-	-	24,255	24,255
Wireless Emergency Fund	100,000	100,000	100,000	-
Maternal Infant Health Program	-	34,600	-	(34,600)
Veterans' Trust Fund	5,000	5,000	5,000	-
HCAO Fund	1,500	1,500	1,338	(162)
Total Transfers In	2,551,300	7,835,900	7,827,617	(8,283)
<i>Transfers Out:</i>				
Parks and Recreation Fund	(183,500)	(154,200)	(136,050)	18,150
Friend of the Court Fund	(992,600)	(920,400)	(937,485)	(17,085)
GCPI	(2,798,800)	(7,813,800)	(7,813,800)	-
Health Fund	(2,059,400)	(1,969,500)	(1,640,386)	329,114
Law Library Fund	(56,000)	(56,000)	(56,000)	-
Area Agency on Aging Fund	(200,000)	(225,000)	(220,649)	4,351
Child Care Probate Fund	(3,502,100)	(2,910,400)	(2,614,988)	295,412
Judicial Special Grants Fund	(150,000)	(150,000)	(142,246)	7,754
Drain Commissioner Office Grants	-	-	(129)	(129)
Airport	-	(45,600)	(45,609)	(9)
Total Transfers Out	(9,942,400)	(14,244,900)	(13,607,342)	637,558
Total Other Financing Uses	(7,391,100)	(6,409,000)	(5,779,725)	629,275
Net Change in Fund Balance	\$ (329,500)	\$(1,915,700)	\$ 3,406,195	\$ 5,321,895

Nonmajor Government Funds

County of Kalamazoo, Michigan

December 31, 2014

Nonmajor Government Funds

Special Revenue Funds

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

Parks 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

December 31, 2014

Nonmajor Government Funds

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

December 31, 2014

Nonmajor Government Funds

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
December 31, 2014

Nonmajor Government Funds

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
December 31, 2014

Nonmajor Government Funds
Combining Balance Sheet

<i>December 31, 2014</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Other Governmental</i>
Assets:				
Cash	\$ 3,547,379	\$ 525,575	\$220,276	\$ 4,293,230
Investments	808,194	-	-	808,194
Receivables:				
Accounts	236,468	-	159,238	395,706
Taxes	-	1,499,006	-	1,499,006
Due from other governmental units	3,073,573	-	75	3,073,648
Prepays	44,596	-	-	44,596
Total Assets	\$ 7,710,210	\$2,024,581	\$379,589	\$ 10,114,380
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Checks issued against future deposits	\$ 1,797,666	\$ -	\$ -	\$ 1,797,666
Accounts payable	944,228	-	-	944,228
Due to governmental units	107,827	-	-	107,827
Accrued liabilities	473,715	-	-	473,715
Advances from other funds	-	-	159,313	159,313
Unearned revenue	206,486	-	-	206,486
Total Liabilities	3,529,922	-	159,313	3,689,235
Deferred Inflows of Resources - Levied property taxes	-	1,740,945	-	1,740,945
Fund Balance:				
Nonspendable	44,596	-	-	44,596
Restricted	27,461	283,636	220,276	531,373
Unassigned	4,108,231	-	-	4,108,231
Fund Balance	4,180,288	283,636	220,276	4,684,200
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 7,710,210	\$2,024,581	\$379,589	\$ 10,114,380

County of Kalamazoo, Michigan

December 31, 2014

**Nonmajor Government Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**

<i>Year Ended December 31, 2014</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Other Governmental</i>
Revenues:				
Taxes	\$2,572,762	\$ -	\$ -	\$ 2,572,762
Federal grants	12,361,648	-	-	12,361,648
State grants	7,776,106	-	-	7,776,106
Local unit contributions	159,884	2,179,156	-	2,339,040
Donations and contributions	497,192	-	-	497,192
Charges for services	1,967,436	-	-	1,967,436
Interest	12,921	372	132	13,425
Other	60,321	363,547	445,000	868,868
Total Revenues	25,408,270	2,543,075	445,132	28,396,477
Expenditures:				
Current:				
Judicial	4,949,041	-	-	4,949,041
Public safety	648,445	-	-	648,445
Public works	843,528	-	-	843,528
Health and welfare	18,375,958	-	-	18,375,958
Recreation and culture	3,493,873	-	-	3,493,873
Other	268,065	-	253,667	521,732
Community Economic Development	178,482	-	-	178,482
Debt service:				
Principal	-	1,490,000	-	1,490,000
Interest and other charges	-	1,307,725	-	1,307,725
Capital outlay	948,910	-	-	948,910
Total Expenditures	29,706,302	2,797,725	253,667	32,757,694
Excess (Deficiency) of Revenues Over Expenditures	(4,298,032)	(254,650)	191,465	(4,361,217)
Other Financing Sources (Uses):				
Transfers in	4,478,676	253,076	-	4,731,752
Transfers out	(565,562)	-	-	(565,562)
Total Other Financing Sources	3,913,114	253,076	-	4,166,190
Net Change in Fund Balance	(384,918)	(1,574)	191,465	(195,027)
Fund Balance, beginning of year	4,565,206	285,210	28,811	4,879,227
Fund Balance, end of year	\$4,180,288	\$ 283,636	\$ 220,276	\$ 4,684,200

County of Kalamazoo, Michigan
December 31, 2014

Nonmajor Special Revenue Funds
Combining Balance Sheet

December 31, 2014	<i>Special Revenue</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>
Assets:								
Cash	\$ -	\$ -	\$ 490,497	\$ -	\$ -	\$ 555	\$ -	\$ 37,071
Investments	-	-	-	-	-	-	-	-
Accounts receivable	76,981	-	198	10,753	-	-	16,797	-
Due from other governmental units	-	552,243	-	233,606	598,212	-	183,243	-
Prepays	1,561	213	-	5,190	29,167	-	410	-
Total Assets	\$ 78,542	\$ 552,456	\$ 490,695	\$ 249,549	\$ 627,379	\$ 555	\$ 200,450	\$ 37,071
 Liabilities and Fund Balance								
Liabilities:								
Checks issued against future deposits	\$ 41,187	\$ 432,795	\$ -	\$ 97,833	\$ 271,609	\$ -	\$ 153,396	\$ -
Accounts payable	9,287	20,317	181,267	77,134	190,356	189	11,336	21,316
Due to governmental units	-	-	-	-	-	-	2,160	15,755
Accrued liabilities	28,068	99,344	-	12,849	165,414	-	13,713	-
Unearned revenues	-	-	-	9,435	-	366	741	-
Total Liabilities	78,542	552,456	181,267	197,251	627,379	555	181,346	37,071
 Fund Balance:								
Nonspendable	1,561	213	-	5,190	29,167	-	410	-
Restricted	-	-	1,400	-	-	-	-	-
Unassigned	(1,561)	(213)	308,028	47,108	(29,167)	-	18,694	-
Total Fund Balance	-	-	309,428	52,298	-	-	19,104	-
 Total Liabilities and Fund Balance	 \$ 78,542	 \$ 552,456	 \$ 490,695	 \$ 249,549	 \$ 627,379	 \$ 555	 \$ 200,450	 \$ 37,071

County of Kalamazoo, Michigan
December 31, 2014

Nonmajor Special Revenue Funds
Combining Balance Sheet

<i>Special Revenue</i>							
					<i>Community</i>		
	<i>Judicial</i>	<i>Public</i>	<i>Public</i>	<i>Health and</i>	<i>Economic</i>	<i>Capital</i>	
<i>Community</i>	<i>Special</i>	<i>Safety</i>	<i>Works</i>	<i>Welfare</i>	<i>Development</i>	<i>Outlay</i>	<i>Total</i>
<i>Corrections</i>	<i>Grants</i>	<i>Special</i>	<i>Special</i>	<i>Special</i>	<i>Special</i>	<i>Special</i>	<i>Special</i>
		<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Revenue</i>
\$ 273,847	\$ 86,814	\$ 966,308	\$ 6,684	\$ 1,187,496	\$ 133,224	\$ 364,883	\$ 3,547,379
-	-	-	-	-	-	808,194	808,194
-	63,499	10,554	-	54,731	-	2,955	236,468
71,673	569,421	211,834	24,931	328,410	-	300,000	3,073,573
-	-	125	-	7,930	-	-	44,596
\$ 345,520	\$ 719,734	\$ 1,188,821	\$ 31,615	\$ 1,578,567	\$ 133,224	\$ 1,476,032	\$ 7,710,210
\$ -	\$ 319,132	\$ 73,786	\$ 2,484	\$ 143,752	\$ -	\$ 261,692	\$ 1,797,666
26,724	176,358	86,503	26,331	42,083	69,161	5,866	944,228
5,385	11,454	14,078	2,363	56,632	-	-	107,827
19,345	36,584	6,984	-	89,374	-	2,040	473,715
13,732	67,329	55,791	-	59,092	-	-	206,486
65,186	610,857	237,142	31,178	390,933	69,161	269,598	3,529,922
-	-	125	-	7,930	-	-	44,596
-	-	-	-	-	-	26,061	27,461
280,334	108,877	951,554	437	1,179,704	64,063	1,180,373	4,108,231
280,334	108,877	951,679	437	1,187,634	64,063	1,206,434	4,180,288
\$ 345,520	\$ 719,734	\$ 1,188,821	\$ 31,615	\$ 1,578,567	\$ 133,224	\$ 1,476,032	\$ 7,710,210

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Special Revenue</i>								
<i>Year Ended</i>	<i>Parks and</i>	<i>Friend</i>	<i>Accom-</i>	<i>Law</i>	<i>Area</i>	<i>Child</i>	<i>Veterans'</i>	<i>Community</i>
<i>December 31, 2014</i>	<i>Recreation</i>	<i>of the</i>	<i>modation</i>	<i>Library</i>	<i>Agency on</i>	<i>Care</i>	<i>Trust</i>	<i>Healthy</i>
		<i>Court</i>	<i>Tax</i>		<i>Aging</i>	<i>Probate</i>		<i>Start</i>
Revenues:								
Taxes	\$ -	\$ -	\$ 2,468,242	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	2,102,013	-	-	763,021	96,969	-	518,212
State grants	-	-	-	-	316,381	3,287,329	97,469	-
Local unit contributions	-	-	-	-	-	8,550	-	65,064
Donations and contributions	142,248	-	-	-	31,295	-	-	-
Charges for services	1,047,021	59,340	-	-	39,582	39,375	-	-
Interest	11,528	-	-	-	-	-	-	-
Other	38,126	81	-	6,500	2,387	341	-	-
Total Revenues	1,238,923	2,161,434	2,468,242	6,500	1,152,666	3,432,564	97,469	583,276
Expenditures:								
Current:								
Judicial	-	3,118,919	-	62,500	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	1,269,351	6,229,552	92,469	583,276
Recreation and culture	1,476,125	-	2,017,748	-	-	-	-	-
Comm./Econ. Development	-	-	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-	-	-
Debt Service - Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	1,476,125	3,118,919	2,017,748	62,500	1,269,351	6,229,552	92,469	583,276
Excess (Deficiency) of								
Revenues Over Expenditures	(237,202)	(957,485)	450,494	(56,000)	(116,685)	(2,796,988)	5,000	-
Other Financing Sources (Uses):								
Transfers in	255,352	957,485	-	56,000	116,685	2,796,988	-	-
Transfers out	(18,150)	-	(409,402)	-	-	-	(5,000)	-
Total Other Financing Sources (Uses)	237,202	957,485	(409,402)	56,000	116,685	2,796,988	(5,000)	-
Net Change in Fund Balance	-	-	41,092	-	-	-	-	-
Fund Balance, beginning of year	-	-	268,336	-	52,298	-	-	19,104
Fund Balance, end of year	\$ -	\$ -	\$ 309,428	\$ -	\$ 52,298	\$ -	\$ -	\$ 19,104

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Special Revenue</i>								
<i>Community</i>		<i>Judicial</i>	<i>Public</i>	<i>Public</i>	<i>Health and</i>	<i>Community</i>	<i>Capital</i>	<i>Total</i>
<i>Corrections</i>	<i>W.I.A.</i>	<i>Special</i>	<i>Safety</i>	<i>Works</i>	<i>Welfare</i>	<i>Economic</i>	<i>Outlay</i>	<i>Special</i>
		<i>Grants</i>	<i>Special</i>	<i>Special</i>	<i>Special</i>	<i>Development</i>	<i>Special</i>	<i>Grants</i>
		<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>	<i>Grants</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,520	\$ -	\$ 2,572,762
-	5,264,655	793,350	182,940	526	2,639,962	-	-	12,361,648
428,112	460,434	606,146	660,688	78,699	1,499,623	-	341,225	7,776,106
-	-	86,270	-	-	-	-	-	159,884
-	-	79,392	14,774	22	199,200	-	30,261	497,192
317,250	-	102,213	81,290	-	76,085	4,250	201,030	1,967,436
-	-	-	-	-	-	-	1,393	12,921
-	-	-	12,871	-	15	-	-	60,321
745,362	5,725,089	1,667,371	952,563	79,247	4,414,885	108,770	573,909	25,408,270
-	-	1,767,622	-	-	-	-	-	4,949,041
-	-	-	648,445	-	-	-	-	648,445
764,152	-	-	-	79,376	-	-	-	843,528
-	5,725,089	-	-	-	4,476,221	-	-	18,375,958
-	-	-	-	-	-	-	-	3,493,873
-	-	-	-	-	-	178,482	-	178,482
-	-	-	-	-	-	-	268,065	268,065
-	-	-	395,596	-	-	-	553,314	948,910
764,152	5,725,089	1,767,622	1,044,041	79,376	4,476,221	178,482	821,379	29,706,302
(18,790)	-	(100,251)	(91,478)	(129)	(61,336)	(69,712)	(247,470)	(4,298,032)
-	-	142,246	16,677	129	103,964	-	33,150	4,478,676
-	-	(24,255)	(100,000)	-	(1,338)	(7,417)	-	(565,562)
-	-	117,991	(83,323)	129	102,626	(7,417)	33,150	3,913,114
(18,790)	-	17,740	(174,801)	-	41,290	(77,129)	(214,320)	(384,918)
299,124	-	91,137	1,126,480	437	1,146,344	141,192	1,420,754	4,565,206
\$ 280,334	\$ -	\$ 108,877	\$ 951,679	\$ 437	\$ 1,187,634	\$ 64,063	\$ 1,206,434	\$ 4,180,288

County of Kalamazoo, Michigan
December 31, 2014

Nonmajor Debt Service Funds
Combining Balance Sheet

	<u>Debt Service</u>		<i>Total Debt Service</i>
	<i>2007 Juvenile Home Bond Fund</i>	<i>2008 Townline Drain Bond Fund</i>	
<i>December 31, 2014</i>			
Assets:			
Cash	\$ 436,668	\$ 88,907	\$ 525,575
Taxes receivable	1,499,006	-	1,499,006
Total Assets	\$1,935,674	\$ 88,907	\$ 2,024,581
Liabilities, Deferred Inflows of Resources and Fund Balance			
Deferred Inflows of Resources - Levied property taxes	\$1,740,945	\$ -	\$ 1,740,945
Fund Balance - Restricted	194,729	88,907	283,636
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$1,935,674	\$ 88,907	\$ 2,024,581

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County of Kalamazoo, Michigan
December 31, 2014

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

	<i>Debt Service</i>			
<i>Year Ended December 31, 2014</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>2005 Village of Augusta Water Supply</i>
Revenues:				
Interest and rents	\$ -	\$ -	\$ -	\$ -
Local unit contributions	13,250	140,194	149,600	45,233
Other revenues	-	-	-	-
Total Revenues	13,250	140,194	149,600	45,233
Expenditures:				
Principal retirement	10,000	125,000	130,000	35,000
Interest and fiscal charges	3,250	15,194	19,600	10,233
Total Expenditures	13,250	140,194	149,600	45,233
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Other Financing Sources -				
Transfer in	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan
December 31, 2014

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

<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>
\$ 337	\$ 35	\$ -	\$ -	\$ 372
1,830,879	-	-	-	2,179,156
-	44,622	318,925	-	363,547
1,831,216	44,657	318,925	-	2,543,075
700,000	45,000	275,000	170,000	1,490,000
1,122,562	9,885	43,925	83,076	1,307,725
1,822,562	54,885	318,925	253,076	2,797,725
8,654	(10,228)	-	(253,076)	(254,650)
-	-	-	253,076	253,076
8,654	(10,228)	-	-	(1,574)
186,075	99,135	-	-	285,210
\$ 194,729	\$ 88,907	\$ -	\$ -	\$ 283,636

County of Kalamazoo, Michigan
December 31, 2014

Nonmajor Capital Projects Funds
Combining Balance Sheet

<i>December 31, 2014</i>	<i>Capital Projects</i>				<i>Total Capital Projects</i>
	<i>Drains</i>	<i>Lake Level Revolving Fund</i>	<i>Townline Drain Construction</i>	<i>Oshtemo Township Water Supply System Construction</i>	
Assets:					
Cash	\$ -	\$ -	\$ 191,465	\$ 28,811	\$ 220,276
Accounts receivable	159,238	-	-	-	159,238
Due from other funds	-	75	-	-	75
Total Assets	\$159,238	\$ 75	\$ 191,465	\$ 28,811	\$ 379,589
 Liabilities and Fund Balance					
Liabilities -					
Advance from other funds	\$159,238	\$ 75	\$ -	\$ -	\$ 159,313
Fund Balance -					
Restricted	-	-	191,465	28,811	220,276
Total Liabilities and Fund Balance	\$159,238	\$ 75	\$ 191,465	\$ 28,811	\$ 379,589

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Townline Drain Construction</i>	<i>Oshtemo Township Water Supply System Construction</i>	<i>Total Capital Projects</i>
Revenues:			
Interest	\$ 132	\$ -	\$ 132
Other	445,000	-	445,000
Total Revenues	445,132	-	445,132
Expenditures -			
Other	253,667	-	253,667
Excess of Revenues Over Expenditures	191,465	-	191,465
Other Financing Sources -			
Transfers in	-	-	-
Net Change in Fund Balance	191,465	-	191,465
Fund Balance, beginning of year	-	28,811	28,811
Fund Balance, end of year	\$ 191,465	\$ 28,811	\$ 220,276

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Donations and contributions	\$ 138,200	\$ 149,300	\$ 142,248	\$ (7,052)
Charges for services	1,041,500	1,040,500	1,047,021	6,521
Interest and rents	8,500	9,000	11,528	2,528
Other	21,000	36,900	38,126	1,226
Total Revenues	1,209,200	1,235,700	1,238,923	3,223
Expenditures -				
Recreation and culture	1,509,700	1,506,900	1,476,125	30,775
Deficiency of Revenues Over Expenditures	(300,500)	(271,200)	(237,202)	33,998
Other Financing Sources (Uses):				
Transfers in:				
General Fund	183,500	154,200	136,050	(18,150)
Accommodation Tax Fund	117,000	117,000	119,302	2,302
Transfers out -				
Capital Outlay	-	-	(18,150)	(18,150)
Total Other Financing Sources	300,500	271,200	237,202	(33,998)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ 2,092,900	\$ 2,132,100	\$ 2,102,013	\$ (30,087)
Charges for services	74,700	74,700	59,340	(15,360)
Other	-	-	81	81
Total Revenues	2,167,600	2,206,800	2,161,434	(45,366)
Expenditures -				
Judicial	3,180,200	3,147,200	3,118,919	28,281
Deficiency of Revenues Over Expenditures	(1,012,600)	(940,400)	(957,485)	(17,085)
Other Financing Sources (Uses) -				
Transfers in:				
General Fund	992,600	940,800	937,485	(3,315)
Law Enforcement Fund	20,000	(400)	20,000	20,400
Total Other Financing Sources	1,012,600	940,400	957,485	17,085
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Taxes	\$2,317,600	\$2,450,000	\$2,468,242	\$ 18,242
Expenditures -				
Recreation and culture	1,912,600	2,043,000	2,017,748	25,252
Excess of Revenues Over Expenditures	405,000	407,000	450,494	43,494
Other Financing Uses -				
Transfers out:				
General Fund	(34,800)	(36,800)	(37,024)	(224)
Expo Center Debt Service	(117,000)	(117,000)	(253,076)	(136,076)
Parks and Recreation Fund	(253,200)	(253,200)	(119,302)	133,898
Total Other Financing Uses	(405,000)	(407,000)	(409,402)	(2,402)
Net Change in Fund Balance	-	-	41,092	41,092
Fund Balance, beginning of year	268,336	268,336	268,336	-
Fund Balance, end of year	\$ 268,336	\$ 268,336	\$ 309,428	\$ 41,092

County of Kalamazoo, Michigan
December 31, 2014

Law Library Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2014</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	62,500	62,500	62,500	-
Deficiency of Revenues Over Expenditures	(56,000)	(56,000)	(56,000)	-
Other Financing Sources -				
Transfers in - General Fund	56,000	56,000	56,000	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 776,848	\$ 763,021	\$ (13,827)
State grants	-	316,141	316,381	240
Donations and contributions	-	2,100	31,295	29,195
Charges for services	-	43,331	39,582	(3,749)
Other	-	-	2,387	2,387
Total Revenues	-	1,138,420	1,152,666	14,246
Expenditures -				
Health and welfare	-	1,284,794	1,269,351	15,443
Deficiency of Revenues Over Expenditures	-	(146,374)	(116,685)	29,689
Other Financing Sources -				
Transfers in - General Fund	-	106,135	116,685	10,550
Net Change in Fund Balance	-	(40,239)	-	40,239
Fund Balance, beginning of year	52,298	52,298	52,298	-
Fund Balance, end of year	\$ 52,298	\$ 12,059	\$ 52,298	\$ 40,239

County of Kalamazoo, Michigan
December 31, 2014

Child Care Probate Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ 80,000	\$ 92,000	\$ 96,969	\$ 4,969
State grants	3,430,900	3,431,700	3,287,329	(144,371)
Local unit contributions	43,000	9,000	8,550	(450)
Charges for services	26,800	28,800	39,375	10,575
Other	-	-	341	341
Total Revenues	3,580,700	3,561,500	3,432,564	(128,936)
Expenditures:				
Health and welfare	7,255,000	6,654,100	6,229,552	424,548
Other expenditures	10,000	-	-	-
Total Expenditures	7,265,000	6,654,100	6,229,552	424,548
Deficiency of Revenues Over Expenditures	(3,684,300)	(3,092,600)	(2,796,988)	295,612
Other Financing Sources -				
Transfers in:				
General Fund	3,502,100	2,910,400	2,614,988	(295,412)
Law Enforcement Fund	182,200	182,200	182,000	(200)
Total Other Financing Sources	3,684,300	3,092,600	2,796,988	(295,612)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan
December 31, 2014

Veterans' Trust Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
State grants	\$ 57,000	\$ 101,000	\$ 97,469	\$ (3,531)
Expenditures -				
Health and welfare	52,000	96,000	92,469	3,531
Excess of Revenues Over Expenditures	5,000	5,000	5,000	-
Other Financing Uses -				
Transfers out - General Fund	(5,000)	(5,000)	(5,000)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 727,050	\$ 518,212	\$ (208,838)
Donations and contributions	-	67,072	65,064	(2,008)
Total Revenues	-	794,122	583,276	(210,846)
Expenditures -				
Health and welfare	-	794,122	583,276	210,846
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	19,104	19,104	19,104	-
Fund Balance, end of year	\$ 19,104	\$ 19,104	\$ 19,104	\$ -

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
State grants	\$ -	\$ 430,207	\$ 428,112	\$ (2,095)
Charges for services	-	333,000	317,250	(15,750)
Total Revenues	-	763,207	745,362	(17,845)
Expenditures -				
Public safety	-	763,207	764,152	(945)
Net Change in Fund Balance	-	-	(18,790)	(18,790)
Fund Balance, beginning of year	299,124	299,124	299,124	-
Fund Balance, end of year	\$ 299,124	\$ 299,124	\$ 280,334	\$ (18,790)

County of Kalamazoo, Michigan
December 31, 2014

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, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 6,920,743	\$ 5,264,655	\$ (1,656,088)
State grants	-	-	460,434	460,434
Total Revenues	-	6,920,743	5,725,089	(1,195,654)
Expenditures -				
Health and welfare	-	6,920,743	5,725,089	1,195,654
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 883,169	\$ 793,350	\$ (89,819)
State grants	-	670,456	606,146	(64,310)
Local unit contributions	-	200,000	86,270	(113,730)
Donations and contributions	-	115,924	79,392	(36,532)
Charges for services	-	75,800	102,213	26,413
Total Revenues	-	1,945,349	1,667,371	(277,978)
Expenditures -				
Judicial	-	2,100,528	1,767,622	332,906
Deficiency of Revenues Over Expenditures	-	(155,179)	(100,251)	54,928
Other Financing Sources:				
Transfers in - General Fund	-	195,679	142,246	(53,433)
Transfers out - General Fund	-	(40,500)	(24,255)	16,245
Net Change in Fund Balance	-	-	17,740	17,740
Fund Balance, beginning of year	91,137	91,137	91,137	-
Fund Balance, end of year	\$ 91,137	\$ 91,137	\$ 108,877	\$ 17,740

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$ 266,656	\$ 182,940	\$ (83,716)
State grants	480,000	668,830	660,688	(8,142)
Donations and contributions	-	11,950	14,774	2,824
Charges for services	75,000	84,600	81,290	(3,310)
Other	14,000	10,000	12,871	2,871
Total Revenues	569,000	1,042,036	952,563	(89,473)
Expenditures:				
Public safety	455,000	873,162	648,445	224,717
Capital outlay	14,000	120,887	395,596	(274,709)
Total Expenditures	469,000	994,049	1,044,041	(49,992)
Excess (Deficiency) of Revenues Over Expenditures	100,000	47,987	(91,478)	(139,465)
Other Financing Sources (Uses):				
Transfers in - Law Enforcement	-	17,013	16,677	(336)
Transfers out - General Fund	(100,000)	(100,000)	(100,000)	-
Total Other Financing Uses	(100,000)	(82,987)	(83,323)	(336)
Net Change in Fund Balance	-	(35,000)	(174,801)	(139,801)
Fund Balance, beginning of year	1,126,480	1,126,480	1,126,480	-
Fund Balance, end of year	\$1,126,480	\$1,091,480	\$ 951,679	\$ (139,801)

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$117,703	\$ 526	\$ (117,177)
State grants	-	369,849	78,699	(291,150)
Other revenues	-	29,500	22	(29,478)
Total Revenues	-	517,052	79,247	(437,805)
Expenditures -				
Public works	400	517,452	79,376	438,076
Deficiency of Revenues over Expenditures	(400)	(400)	(129)	271
Other Financing Sources -				
Transfers in - General Fund	-	-	129	129
Net Change in Fund Balance	(400)	(400)	-	400
Fund Balance, beginning of year	437	437	437	-
Fund Balance, end of year	\$ 37	\$ 37	\$ 437	\$ 400

County of Kalamazoo, Michigan
December 31, 2014

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, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ -	\$2,935,225	\$2,639,962	\$ (295,263)
State grants	-	1,877,317	1,499,623	(377,694)
Donations and contributions	-	138,719	199,200	60,481
Charges for services	-	47,544	76,085	28,541
Other	-	50	15	(35)
Total Revenues	-	4,998,855	4,414,885	(583,970)
Expenditures -				
Health and welfare	-	5,156,143	4,476,221	679,922
Deficiency of Revenues Over Expenditures	-	(157,288)	(61,336)	95,952
Other Financing Sources (Uses):				
Transfers in - General Fund	-	93,005	103,964	10,959
Transfers out - General Fund	-	(1,500)	(1,338)	162
Total Other Financing Sources	-	91,505	102,626	11,121
Net Change in Fund Balance	-	(65,783)	41,290	107,073
Fund Balance, beginning of year	1,146,344	1,146,344	1,146,344	-
Fund Balance, end of year	\$1,146,344	\$1,080,561	\$1,187,634	\$ 107,073

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
State grants	\$ -	\$ 341,200	\$ 341,225	\$ 25
Donations and contributions	-	30,300	30,261	(39)
Charges for services	275,000	275,000	201,030	(73,970)
Interest and revenues	10,000	10,000	1,393	(8,607)
Other Revenues	346,500	-	-	-
Total Revenues	631,500	656,500	573,909	(82,591)
Expenditures:				
Other	611,500	450,000	268,065	181,935
Capital outlay	20,000	565,900	553,314	12,586
Total Expenditures	631,500	1,015,900	821,379	194,521
Deficiency of Revenues Over Expenditures	-	(359,400)	(247,470)	111,930
Other Financing Sources -				
Transfers in:				
General Fund	-	15,000	15,000	-
Parks and Recreation	-	-	18,150	18,150
Total Other Financing Sources	-	15,000	33,150	18,150
Net Change in Fund Balance	-	(344,400)	(214,320)	130,080
Fund Balance, beginning of year	1,420,754	1,420,754	1,420,754	-
Fund Balance, end of year	\$1,420,754	\$1,076,354	\$1,206,434	\$ 130,080

County of Kalamazoo, Michigan
December 31, 2014

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, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Taxes	\$115,000	\$117,600	\$104,520	\$ (13,080)
Charges for service	7,500	7,500	4,250	(3,250)
Other	27,400	-	-	-
Total Revenues	149,900	125,100	108,770	(16,330)
Expenditures -				
Community Economic Development	149,900	193,100	178,482	14,618
Deficiency of Revenues Over Expenditures	-	(68,000)	(69,712)	(1,712)
Other Financing Uses -				
Transfers Out - Local Site Remediation Fund	-	-	(7,417)	(7,417)
Net Change in Fund Balance	-	(68,000)	(77,129)	(9,129)
Fund Balance, beginning of year	141,192	141,192	141,192	-
Fund Balance, end of year	\$141,192	\$ 73,192	\$ 64,063	\$ (9,129)

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Internal Service Funds

County of Kalamazoo, Michigan

December 31, 2014

Internal Service Funds

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.

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

County of Kalamazoo, Michigan
December 31, 2014

Internal Service Funds
Combining Statement of Net Position

<i>December 31, 2014</i>	<i>Employee Benefits</i>	<i>Technology</i>	<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Local Site Remediation Revolving Fund</i>	<i>Total</i>
Assets:							
Cash	\$1,397,901	\$ 1,078,929	\$216,503	\$105,057	\$ 80	\$ 7,417	\$ 2,805,887
Investments	6,979,493	-	-	-	-	-	6,979,493
Accounts receivable	607,241	-	17	1,721	-	-	608,979
Due from other funds	106,009	-	-	-	-	-	106,009
Accrued interest	33,512	-	-	-	-	-	33,512
Inventories	-	3,764	2,283	89,746	-	-	95,793
Prepaid items	5,225	85,584	10,417	-	-	-	101,226
Total Current Assets	9,129,381	1,168,277	229,220	196,524	80	7,417	10,730,899
Capital Assets, net of accumulated depreciation	112,282	369,930	137,960	15,455	-	-	635,627
Total Assets	\$9,241,663	\$ 1,538,207	\$367,180	\$211,979	\$ 80	\$ 7,417	\$11,366,526
Liabilities and Net Position							
Liabilities:							
Accounts payable	\$ 448,017	\$ 6,560	\$ 26,323	\$ 37,591	\$ 80	\$ -	\$ 518,571
Accrued liabilities	208,411	16,982	27,741	6,589	-	-	259,723
Liability for estimated claims	1,061,171	-	-	-	-	-	1,061,171
Deposits payable	62,086	-	-	4,782	-	-	66,868
Total Liabilities	1,779,685	23,542	54,064	48,962	80	-	1,906,333
Net Position:							
Net investment in capital assets	112,282	369,930	137,960	15,455	-	-	635,627
Unrestricted	7,349,696	1,144,735	175,156	147,562	-	7,417	8,824,566
Total Net Position	7,461,978	1,514,665	313,116	163,017	-	7,417	9,460,193
Total Liabilities and Net Position	\$9,241,663	\$ 1,538,207	\$367,180	\$211,979	\$ 80	\$ 7,417	\$11,366,526

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Employee Benefits</i>	<i>Technology</i>	<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Local Site Remediation Revolving Fund</i>	<i>Total</i>
Operating Revenues -							
Charges for services	\$20,040,812	\$ 715,902	\$757,758	\$960,308	\$ 16,848	\$ -	\$22,491,628
Operating Expenses:							
Operating expenses	-	760,764	747,540	944,354	16,848	-	2,469,506
Depreciation and amortization	12,476	208,985	16,960	4,416	-	-	242,837
Employee benefits	20,237,070	-	-	-	-	-	20,237,070
Total Operating Expenses	20,249,546	969,749	764,500	948,770	16,848	-	22,949,413
Income (Loss) Before Transfers	(208,734)	(253,847)	(6,742)	11,538	-	-	(457,785)
Transfers In	-	-	-	-	-	7,417	7,417
Change in Net Position	(208,734)	(253,847)	(6,742)	11,538	-	7,417	(450,368)
Net Position, beginning of year	7,670,712	1,768,512	319,858	151,479	-	-	9,910,561
Net Position, end of year	\$ 7,461,978	\$ 1,514,665	\$313,116	\$163,017	\$ -	\$ 7,417	\$ 9,460,193

County of Kalamazoo, Michigan
December 31, 2014

Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended December 31, 2014</i>	<i>Employee Benefits</i>	<i>Technology</i>	<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Local Site Remediation Revolving Fund</i>	<i>Total</i>
Operating Activities:							
Cash received from interfund services provided	\$19,859,600	\$ 715,902	\$757,751	\$960,704	\$ 16,848	\$ -	\$22,310,805
Cash paid to employees	(546,354)	(139,903)	(231,403)	(68,530)	-	-	(986,190)
Cash paid for interfund services used	(1,125,561)	(70,321)	(86,856)	(24,990)	-	-	(1,307,728)
Cash paid to suppliers	(18,386,382)	(554,504)	(449,459)	(845,895)	(16,844)	-	(20,253,084)
Cash Provided by (Used in)							
Operating Activities	(198,697)	(48,826)	(9,967)	21,289	4	-	(236,197)
Cash Used in Investing Activities -							
Sale of investments	872,657	-	-	-	-	-	872,657
Cash Used in Capital and Related Financing Activities -							
Acquisition of capital assets	(9,025)	(212,995)	-	-	-	-	(222,020)
Non-Capital Financing Activities -							
Transfer from other funds	-	-	-	-	-	7,417	7,417
Net Increase (Decrease) in Cash	664,935	(261,821)	(9,967)	21,289	4	7,417	421,857
Cash, beginning of year	732,966	1,340,750	226,470	83,768	76	-	2,384,030
Cash, end of year	\$ 1,397,901	\$1,078,929	\$216,503	\$105,057	\$ 80	\$ 7,417	\$ 2,805,887
Reconciliation of Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ (208,734)	\$ (253,847)	\$ (6,742)	\$ 11,538	\$ -	\$ -	\$ (457,785)
Depreciation and amortization	12,476	208,985	16,960	4,416	-	-	242,837
Changes in assets and liabilities:							
(Increase) decrease in:							
Accounts receivable	(63,363)	-	(7)	396	-	-	(62,974)
Interest receivable	(11,840)	-	-	-	-	-	(11,840)
Due from other funds	(106,009)	-	-	-	-	-	(106,009)
Inventories	-	890	292	8,552	-	-	9,734
Prepaid items	54,133	(3,744)	351	-	-	-	50,740
Increase (decrease) in:							
Accounts payable	(323,265)	129	(5,317)	(4,196)	4	-	(332,645)
Accrued expenses	197,918	(1,239)	(1,450)	264	-	-	195,493
Liability for estimated claims	231,012	-	-	-	-	-	231,012
Deposits payable	18,975	-	-	319	-	-	19,294
Unearned revenue	-	-	(14,054)	-	-	-	(14,054)
Cash Provided by (Used in)							
Operating Activities	\$ (198,697)	\$ (48,826)	\$ (9,967)	\$ 21,289	\$ 4	\$ -	\$ (236,197)

County of Kalamazoo, Michigan
December 31, 2014

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

<i>Year Ended December 31, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Charges for services	\$1,040,000	\$ 971,300	\$ 960,308	\$ (10,992)
Operating Expenses:				
Employment expenses	-	96,600	93,784	2,816
Contractual and other	-	186,700	189,174	(2,474)
Supplies	-	683,300	661,396	21,904
Depreciation	-	4,600	4,416	184
Total Operating Expenses	-	971,200	948,770	22,430
Change in Net Position	1,040,000	100	11,538	11,438
Net Position, beginning of year	151,479	151,479	151,479	-
Net Position, end of year	\$1,191,479	\$ 151,579	\$ 163,017	\$ 11,438

Agency Funds

County of Kalamazoo, Michigan
December 31, 2014

Agency Funds

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
December 31, 2014

Agency Funds
Statement of Fiduciary Assets and Liabilities

<i>December 31, 2014</i>	<i>Trust and Agency</i>	<i>Library Trust</i>	<i>Inmates' Trust</i>	<i>Drain Performance Bond</i>	<i>Total</i>
Assets:					
Cash	\$ (602,610)	\$ 264,734	\$ 161,790	\$ 115,594	\$ (60,492)
Investments	2,500,000	-	-	-	2,500,000
Accounts receivable	555	-	-	-	555
Total Assets	\$ 1,897,945	\$ 264,734	\$ 161,790	\$ 115,594	\$ 2,440,063
Liabilities:					
Due to other governmental units	\$ 93,762	\$ 264,734	\$ -	\$ -	\$ 358,496
Other payables	1,804,183	-	161,790	115,594	2,081,567
Total Liabilities	\$ 1,897,945	\$ 264,734	\$ 161,790	\$ 115,594	\$ 2,440,063

County of Kalamazoo, Michigan

Agency Funds Combining Statement of Changes in Assets and Liabilities - Year Ended December 31, 2014

	Balance, January 1, 2014	Additions	Deductions	Balance, December 31, 2014
<u>Trust and Agency</u>				
Assets:				
Cash	\$1,650,109	\$126,767,102	\$129,019,821	\$ (602,610)
Investments	2,000,000	500,000	-	2,500,000
Accounts receivable	555	-	-	555
Total Assets	\$3,650,664	\$127,267,102	\$129,019,821	\$ 1,897,945
Liabilities:				
Due to other governmental units	\$1,649,008	\$ 24,559,144	\$ 23,003,898	\$ 93,762
Other payables	2,001,656	63,483,478	63,286,005	1,804,183
Total Liabilities	\$3,650,664	\$ 88,042,622	\$ 86,289,903	\$ 1,897,945
<u>Library Trust</u>				
Assets - Cash	\$ 187,900	\$ 530,619	\$ 453,785	\$ 264,734
Liability - Due to other governmental units	\$ 187,900	\$ 973,100	\$ 1,049,934	\$ 264,734
<u>Inmates' Trust</u>				
Assets - Cash	\$ 99,306	\$ 1,438,883	\$ 1,376,399	\$ 161,790
Liability - Other payables	\$ 99,306	\$ 3,041,052	\$ 3,103,536	\$ 161,790
<u>Drain Performance Bond</u>				
Assets - Cash	\$ 117,039	\$ 58	\$ 1,503	\$ 115,594
Liability - Other payables	\$ 117,039	\$ 7,289	\$ 5,844	\$ 115,594
<u>Total Agency Funds</u>				
Assets:				
Cash	\$2,054,354	\$128,736,662	\$130,851,508	\$ (60,492)
Investments	2,000,000	500,000	-	2,500,000
Accounts receivable	555	-	-	555
Total Assets	\$4,054,909	\$129,236,662	\$130,851,508	\$ 2,440,063
Liabilities:				
Due to other governmental units	\$1,836,908	\$ 25,532,244	\$ 24,053,832	\$ 358,496
Other payables	2,218,001	66,531,819	66,395,385	2,081,567
Total Liabilities	\$4,054,909	\$ 92,064,063	\$ 90,449,217	\$ 2,440,063

Component Units

County of Kalamazoo, Michigan
December 31, 2014

Component Units
Balance Sheet - At-Large Drains

	<i>Special Revenue</i>
	<i>At-Large Drains</i>
<hr/>	
<i>December 31, 2014</i>	
<hr/>	
Assets:	
Cash	\$ 1,007,530
Receivables-Unlevied Assessments	159,238
<hr/>	
Total Assets	\$ 1,166,768
<hr/>	
Liabilities -	
Due to other governmental units	\$ 159,261
Fund Balance -	
Unrestricted	1,007,507
<hr/>	
Total Liabilities and Fund Balance	\$ 1,166,768
<hr/>	

County of Kalamazoo, Michigan
December 31, 2014

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

	<i>Special Revenue</i>
<i>Year Ended December 31, 2014</i>	<i>At-Large Drains</i>
Revenues:	
Interest and rents	\$ 508
Other	181,679
Total Revenues	182,187
Expenditures -	
Public works - Drains	159,959
Net Change in Fund Balance	22,228
Fund Balance, beginning of year	985,279
Fund Balance, end of year	\$ 1,007,507

County of Kalamazoo, Michigan
December 31, 2014

Component Units
Balance Sheet - DHS/Child Care Welfare

	<i>Special Revenue</i>
	<i>DHS/ Child Care Welfare</i>
<i>December 31, 2014</i>	
<hr/>	
Assets:	
Cash	\$ 356,672
Accounts Receivable	109,637
<hr/>	
Total Assets	\$ 466,309
<hr/>	
Liabilities :	
Accounts Payable	\$ 290,764
Due to Other Governmental Units	175,545
<hr/>	
Total Liabilities	\$ 466,309
<hr/>	

County of Kalamazoo, Michigan
December 31, 2014

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

	<i>Special Revenue</i>
	<i>DHS/ Child Care Welfare</i>
<i>Year Ended December 31, 2014</i>	
Revenues:	
Charges for services	\$ 3,247
Other revenues	3,270,539
Total Revenues	3,273,786
Expenditures -	
Health and welfare	3,273,786
Net Change in Fund Balance	-
Fund Balance, beginning of year	-
Fund Balance, end of year	\$ -

County of Kalamazoo, Michigan
December 31, 2014

Component Units
Lake Level Fund - Balance Sheet

	<i>Capital Projects</i>
	<i>Lake Level Fund</i>
<i>December 31, 2014</i>	
<hr/>	
Assets:	
Cash	\$ 33,630
Receivables - Unlevied Assessments	75
<hr/>	
Total Assets	\$ 33,705
<hr/>	
Liabilities -	
Noncurrent Liabilities - Due within one year	\$ 75
<hr/>	
Fund Balance -	
Unrestricted	33,630
<hr/>	
Total Liabilities and Fund Balance	\$ 33,705
<hr/>	

County of Kalamazoo, Michigan
December 31, 2014

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

	<u>Capital Projects</u>
	<i>Lake Level Fund</i>
<i>Year Ended December 31, 2014</i>	
Revenues -	
Other revenues	\$ 3,463
Expenditures -	
Capital outlay	1,671
Net Change in Fund Balance	1,792
Fund Balance, beginning of year	31,838
Fund Balance, end of year	\$ 33,630

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Statistical Section (Unaudited)

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County of Kalamazoo, Michigan

Statistical Section (Unaudited) Contents

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>
Financial Trends - Schedules 1-4	139-148

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

Revenue Capacity - Schedules 5-8	149-152
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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.

Debt Capacity - Schedules 9-11	153-157
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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.

Demographic and Economic Information - Schedules 12-13	158-159
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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.

Operating Information - Schedules 14-16	160-162
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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.

County of Kalamazoo, Michigan

Schedule 1 - Net Position by Component, Last Ten Fiscal Years - 2014-2005 (Unaudited)

<i>December 31,</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>
Governmental Activities:				
Net investment in capital assets	\$ 54,014,762	\$ 43,130,177	\$ 39,987,637	\$ 20,075,223
Restricted:				
Budget Stabilization	2,500,000	2,500,000	2,500,000	2,500,000
Revenue Sharing Reserve	-	-	-	-
Capital Projects	-	-	-	-
Pension Funds	27,941,371	-	-	-
Special revenue grants:				
Law Enforcement Fund	1,388,521	320,044	829,154	955,624
Health Fund	2,257	22,954	34,219	34,219
Other	4,691,617	4,864,381	4,641,644	4,463,872
Unrestricted	38,866,094	51,652,911	53,804,428	70,239,778
Total Governmental Activities				
Net Position	\$ 129,404,622	\$ 102,490,467	\$ 101,797,082	\$ 98,268,716
Business-Type Activities:				
Net investment in capital assets	\$ 49,480,694	\$ 50,504,667	\$ 52,076,706	\$ 53,833,191
Pension funds	247,565	-	-	-
Unrestricted	28,891,477	32,634,972	31,125,230	29,467,743
Total Business-Type Activities				
Net Position	\$ 78,619,736	\$ 83,139,639	\$ 83,201,936	\$ 83,300,934
Primary Government:				
Net investment in capital assets	\$ 103,495,456	\$ 93,634,844	\$ 92,064,343	\$ 73,908,414
Restricted:				
Budget Stabilization	2,500,000	2,500,000	2,500,000	2,500,000
Revenue Sharing Reserve	-	-	-	-
Capital Projects	-	-	-	-
Pension Funds	28,188,936	-	-	-
Special revenue grants:				
Law Enforcement Fund	1,388,521	320,044	829,154	955,624
Health Fund	2,257	22,954	34,219	34,219
Other	4,691,617	4,864,381	4,641,644	4,463,872
Unrestricted	67,757,571	84,287,883	84,929,658	99,707,521
Total Primary Government				
Net Position	\$ 208,024,358	\$ 185,630,106	\$ 184,999,018	\$ 181,569,650

County of Kalamazoo, Michigan

Schedule 1 - Net Position by Component, Last Ten Fiscal Years - 2014-2005 (Unaudited)

2010	2009	2008	2007	2006	2005
\$ 19,173,432	\$ 14,661,496	\$ 31,973,057	\$ 14,798,453	\$ 14,594,522	\$ 15,261,715
-	-	-	-	-	-
3,729,094	8,844,326	13,876,233	18,318,542	21,154,552	14,334,413
-	-	-	-	4,882,322	4,169,092
-	-	-	-	-	-
387,990	624,792	-	-	-	-
1,499	1,499	-	-	-	-
7,279,978	6,497,893	7,071,644	6,544,606	6,254,864	4,836,203
59,674,138	59,211,457	35,299,847	44,414,631	32,575,999	32,683,732
\$ 90,246,131	\$ 89,841,463	\$ 88,220,781	\$ 84,076,232	\$ 79,462,259	\$ 71,285,155
\$ 43,917,137	\$ 27,521,531	\$ 23,914,326	\$ 24,479,312	\$ 22,144,066	\$ 22,238,237
31,172,945	30,865,423	29,143,845	25,967,411	24,150,506	22,834,327
\$ 75,090,082	\$ 58,386,954	\$ 53,058,171	\$ 50,446,723	\$ 46,294,572	\$ 45,072,564
\$ 63,090,569	\$ 42,183,027	\$ 55,887,383	\$ 39,277,765	\$ 36,738,588	\$ 37,499,952
-	-	-	-	-	-
3,729,094	8,844,326	13,876,233	18,318,542	21,154,552	14,334,413
-	-	-	-	4,882,322	4,169,092
-	-	-	-	-	-
387,990	624,792	-	-	-	-
1,499	1,499	-	-	-	-
7,279,978	6,497,893	7,071,644	6,544,606	6,254,864	4,836,203
90,847,083	90,076,880	64,443,692	70,382,042	56,726,505	55,518,059
\$165,336,213	\$ 148,228,417	\$ 141,278,952	\$ 134,522,955	\$ 125,756,831	\$ 116,357,719

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 - 2014-2005 (Unaudited)

<i>Year Ended December 31,</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>
Expenses:				
Governmental activities:				
General government	\$ 17,791,407	\$ 18,178,504	\$ 16,560,972	\$ 14,685,317
Public safety	25,452,319	26,770,373	25,317,944	25,723,553
Public works	843,526	118,527	79,790	133,937
Health and welfare	28,763,908	33,943,631	36,491,664	38,749,470
Recreation and culture	4,690,557	4,746,386	4,241,319	4,013,029
Legislative	1,032,729	915,035	973,686	971,453
Judicial	20,157,134	19,913,091	19,273,929	19,540,568
Community Economic Development	178,482	162,897	61,191	81,132
Other	-	-	-	-
Transfer to Component Unit	-	-	-	-
Interest and fiscal charges	1,268,294	1,334,369	1,396,053	1,461,542
Total governmental activities expenses	100,178,356	106,082,813	104,396,548	105,360,001
Business-type activities:				
Delinquent tax	-	-	-	-
Tax reversion	630,876	812,633	666,526	537,829
Airport operations	7,144,340	7,231,919	7,437,568	7,755,405
Total business-type activities expenses	7,775,216	8,044,552	8,104,094	8,293,234
Total Primary Government Expenses	\$ 107,953,572	\$ 114,127,365	\$ 112,500,642	\$ 113,653,235
Program Revenues:				
Governmental activities:				
Charges for Services:				
General government	\$ 4,953,679	\$ 5,264,150	\$ 5,530,702	\$ 5,284,450
Public safety	2,029,458	2,189,115	2,094,447	2,080,437
Public works	108,770	112,768	103,093	98,709
Health and welfare	1,685,714	1,699,642	1,710,269	2,282,647
Recreation and culture	3,524,463	3,331,511	3,073,186	2,911,332
Judicial	4,066,792	4,523,285	4,796,952	4,688,164
Interest and fiscal charges	-	-	-	-
Other	-	-	-	-
Operating Grants and Contributions:				
General government	5,019,816	4,210,224	4,239,285	5,346,046
Public safety	1,390,921	1,573,156	1,877,706	2,230,316
Public works	79,247	118,350	79,749	129,378
Health and welfare	17,251,266	21,826,508	24,679,271	27,124,803
Recreation and culture	2,562,781	2,551,873	2,159,040	1,805,102
Judicial	7,584,795	7,179,923	7,149,876	7,412,821
Community Economic Development	-	80,115	60,036	160,623
Interest and fiscal charges	-	-	-	-
Other	-	-	-	-
Capital grants and contributions - Other	-	-	-	-
Total governmental activities program revenues	50,257,702	54,660,620	57,553,612	61,554,828

County of Kalamazoo, Michigan

Schedule 2 - Changes in Net Position, Last Ten Fiscal Years - 2014-2005 (Unaudited)

2010	2009	2008	2007	2006	2005
\$ 16,454,956	\$ 15,304,080	\$ 18,716,502	\$ 17,195,129	\$ 13,287,815	\$ 13,112,946
27,429,129	28,190,183	25,185,011	25,519,348	24,567,020	23,603,804
478,320	302,635	166,934	299,344	943,220	1,387,569
41,958,505	40,947,081	36,838,395	36,180,122	35,516,055	35,057,267
3,950,921	3,345,053	3,268,444	3,232,282	3,066,342	3,085,417
954,998	938,582	862,396	897,634	840,222	877,050
19,851,817	19,477,810	17,665,498	17,774,174	17,872,285	18,775,967
59,446	-	-	-	-	-
-	-	-	-	-	3,447,841
-	-	-	-	-	-
1,599,239	1,615,949	1,797,799	656,948	517,525	650,538
112,737,331	110,121,373	104,500,979	101,754,981	96,610,484	99,998,399
1,800	-	800	6,690	130,180	4,692
516,924	266,656	-	-	-	-
6,269,714	7,244,951	6,019,869	5,759,066	5,360,135	5,112,676
6,788,438	7,511,607	6,020,669	5,765,756	5,490,315	5,117,368
\$ 119,525,769	\$ 117,632,980	\$ 110,521,648	\$ 107,520,737	\$ 102,100,799	\$ 105,115,767
\$ 1,866,708	\$ 2,147,274	\$ 2,252,045	\$ 2,703,273	\$ 2,950,571	\$ 3,260,615
1,895,004	1,977,075	1,947,155	1,728,469	2,041,571	1,955,818
4,618	-	-	-	-	-
2,359,508	2,519,035	2,175,576	2,016,657	1,245,711	2,536,375
2,821,377	2,527,150	2,669,459	2,634,950	2,419,217	2,349,378
5,041,762	5,095,013	5,652,775	5,871,196	6,057,390	5,567,520
-	-	-	-	-	-
-	-	-	-	-	-
363,001	207,441	284,284	249,407	301,947	225,171
2,257,433	1,874,351	1,660,903	2,919,091	3,470,642	4,256,489
161,622	75,520	117,541	147,679	134,747	133,005
29,290,317	28,652,957	24,561,585	23,970,105	23,641,025	22,353,996
1,811,563	1,689,076	1,602,217	1,389,113	1,293,595	1,200,748
7,434,135	7,404,748	7,281,433	7,448,395	7,596,287	7,609,797
-	-	-	-	-	-
-	-	-	15,395	-	-
10,789	-	-	-	-	21,819
-	-	-	352,556	-	51,625
55,317,837	54,169,640	50,204,973	51,446,286	51,152,703	51,522,356

County of Kalamazoo, Michigan

Schedule 2 - Changes in Net Position, Last Ten Fiscal Years - 2015-2005 (Unaudited) (Concluded)

Year Ended December 31,	2014	2013	2012	2011
Program Revenues (Concluded):				
Business-type activities:				
Charges for services:				
Delinquent tax	\$ 1,987,138	\$ 2,586,938	\$ 2,663,575	\$ 3,922,110
Tax reversion	1,243,266	1,856,636	1,040,019	763,810
Airport operations	4,616,801	4,578,069	4,309,619	4,554,926
Operating grants and contributions -				
Airport operations	1,212,558	127,989	528,096	114,992
Capital grants and contributions -				
Airport operations	1,538,535	640,768	1,066,540	8,364,153
<hr/>				
Total business-type activities program revenues	10,598,298	9,790,400	9,607,849	17,719,991
<hr/>				
Total Primary Government Program Revenues	\$ 60,856,000	\$ 64,451,020	\$ 67,161,461	\$ 79,274,819
<hr/>				
Net (Expense) Revenue:				
Governmental activities	\$ (49,920,654)	\$ (51,422,193)	\$ (46,842,936)	\$ (43,805,173)
Business-type activities	2,823,082	1,745,848	1,503,755	9,426,757
<hr/>				
Total Primary Government Net Expenses	\$ (47,097,572)	\$ (49,676,345)	\$ (45,339,181)	\$ (34,378,416)
<hr/>				
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Property taxes levied for operating	\$ 51,140,600	\$ 49,321,723	\$ 47,231,113	\$ 48,405,162
Property taxes levied for revenue sharing reserve	-	-	-	-
Other taxes	-	-	-	-
Local unit contract revenue	-	-	-	-
Other	1,647,760	651,375	384,078	44,613
Unrestricted investment earnings	1,784,898	311,871	1,131,111	2,102,983
Transfers in	7,614,391	1,830,609	1,625,000	1,275,000
<hr/>				
Total governmental activities	62,187,649	52,115,578	50,371,302	51,827,758
<hr/>				
Business-type activities:				
Other	-	-	-	-
Unrestricted investment earnings	12,932	22,464	22,247	59,095
Transfers out	(7,614,391)	(1,830,609)	(1,625,000)	(1,275,000)
<hr/>				
Total business-type activities	(7,601,459)	(1,808,145)	(1,602,753)	(1,215,905)
<hr/>				
Total Primary Government	\$ 54,586,190	\$ 50,307,433	\$ 48,768,549	\$ 50,611,853
<hr/>				
Change in Net Position:				
Governmental activities	\$ 12,266,995	\$ 693,385	\$ 3,528,366	\$ 8,022,585
Business-type activities	(4,778,377)	(62,297)	(98,998)	8,210,852
<hr/>				
Total Primary Government	\$ 7,488,618	\$ 631,088	\$ 3,429,368	\$ 16,233,437

County of Kalamazoo, Michigan

Schedule 2 - Changes in Net Position, Last Ten Fiscal Years - 2015-2005 (Unaudited) (Concluded)

2010	2009	2008	2007	2006	2005
\$ 3,638,412	\$ 2,696,334	\$ 2,062,382	\$ 1,957,711	\$ 1,444,859	\$ 1,497,697
1,301,043	550,258	-	-	-	-
4,098,683	3,762,887	3,902,591	4,316,214	4,233,581	4,483,389
640,594	159,178	197,926	(28,892)	600,649	186,278
14,672,847	6,350,499	2,879,337	3,471,510	721,909	1,760,080
24,351,579	13,519,156	9,042,236	9,716,543	7,000,998	7,927,444
\$ 79,669,416	\$ 67,688,796	\$ 59,247,209	\$ 61,162,829	\$ 58,153,701	\$ 59,449,800
\$ (57,419,494)	\$ (55,951,733)	\$ (54,296,006)	\$ (50,308,695)	\$ (45,457,781)	\$ (48,476,043)
17,563,141	6,007,549	3,021,567	3,950,787	1,510,683	2,810,076
\$ (39,856,353)	\$ (49,944,184)	\$ (51,274,439)	\$ (46,357,908)	\$ (43,947,098)	\$ (45,665,967)
\$ 48,288,959	\$ 50,691,287	\$ 50,142,756	\$ 47,291,086	\$ 34,879,561	\$ 33,990,340
-	-	-	1,108,851	11,064,283	10,416,376
-	-	-	-	-	-
-	1,642,012	1,696,138	1,218,268	1,276,194	1,631,699
1,673,430	2,191,289	2,521,458	1,633,340	1,583,650	1,714,911
1,304,275	1,702,897	3,080,203	3,460,386	3,113,934	1,776,199
1,000,000	1,000,000	1,000,000	975,000	953,000	925,000
52,266,664	57,227,485	58,440,555	55,686,931	52,870,622	50,454,525
-	8,170	1,823	3,550	3,449	391,916
139,987	313,064	588,058	1,172,814	660,876	485,101
(1,000,000)	(1,000,000)	(1,000,000)	(975,000)	(953,000)	(925,000)
(860,013)	(678,766)	(410,119)	201,364	(288,675)	(47,983)
\$ 51,406,651	\$ 56,548,719	\$ 58,030,436	\$ 55,888,295	\$ 52,581,947	\$ 50,406,542
\$ (5,152,830)	\$ 1,275,752	\$ 4,144,549	\$ 5,378,236	\$ 7,412,841	\$ 1,978,482
16,703,128	5,328,783	2,611,448	4,152,151	1,222,008	2,762,093
\$ 11,550,298	\$ 6,604,535	\$ 6,755,997	\$ 9,530,387	\$ 8,634,849	\$ 4,740,575

Source: County of Kalamazoo, Michigan, Finance Office.

County of Kalamazoo, Michigan

Schedule 3 - Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2014-2005 (Unaudited)

<i>December 31,</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>
General Fund:				
Non-spendable	\$ 145,027	\$ 157,879	\$ 167,995	\$ 148,715
Restricted for Budget Stabilization	2,500,000	2,500,000	2,500,000	2,500,000
Committed	3,475,421	3,859,384	4,293,928	4,685,797
Assigned	2,600,000	329,500	583,200	500,000
Unassigned	23,371,325	21,838,815	20,320,881	24,327,571
Reserved:				
Encumbrances	-	-	-	-
Prepaid expenditures/inventories	-	-	-	-
Long-term advances	-	-	-	-
Unreserved -				
Designated for future expenditures	-	-	-	-
Unreserved, reported in -				
General Fund	-	-	-	-
Total General Fund	\$ 32,091,773	\$ 28,685,578	\$ 27,866,004	\$ 32,162,083
All Other Governmental Funds:				
Non-spendable	\$ 46,853	\$ 206,773	\$ 53,516	\$ 110,378
Restricted:				
Law Enforcement Fund	2,500	318,180	823,154	955,624
Health Fund	-	-	-	34,219
Special Revenue Funds	27,461	4,534,629	4,325,733	4,463,872
Debt Service Funds	283,636	285,210	238,032	231,920
Capital Projects Funds	220,276	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	19,158,599	(169,288)	(13,297)	-
Reserved:				
Revenue Sharing Reserve Fund	-	-	-	-
Encumbrances	-	-	-	-
Prepaid expenditures/inventories	-	-	-	-
Long-term receivable from other governmental unit	-	-	-	-
Unreserved:				
Designated for future expenditures	-	-	-	-
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Total All Other Governmental Funds	\$ 19,739,325	\$ 21,700,879	\$ 23,908,045	\$ 32,586,367

County of Kalamazoo, Michigan

Schedule 4 - Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2014-2005 (Unaudited)

Year Ended December 31,	2014	2013	2012	2011
Revenues:				
Taxes	\$ 50,607,197	\$ 51,733,873	\$ 51,281,971	\$ 50,467,213
Licenses and permits	1,119,636	1,050,273	959,212	932,107
Intergovernmental	35,028,706	37,284,230	42,049,516	45,645,465
Charges for services	9,657,487	9,943,390	9,815,816	9,825,820
Fines and forfeitures	1,357,351	1,584,425	1,707,874	1,709,679
Interest	1,784,898	311,871	1,131,111	2,102,983
Other	2,268,477	1,321,630	1,403,064	1,415,236
Donations and contributions	521,043	921,577	1,110,360	1,239,054
Total Revenues	102,344,795	104,151,269	109,458,924	113,337,557
Expenditures:				
General government	13,565,337	13,276,576	13,324,605	13,078,145
Public safety	24,427,363	25,342,943	25,265,647	24,896,389
Public works	843,528	118,528	79,794	1,650,676
Health and welfare	28,877,376	33,470,275	36,712,421	38,782,339
Recreation and culture	3,783,331	3,930,816	3,422,079	3,345,073
Legislative	1,032,729	915,035	973,686	971,453
Judicial	19,375,297	18,440,279	18,446,360	18,598,870
Other	923,111	1,399,324	364,963	573,791
Community Economic Development	178,482	162,897	61,191	81,132
Transfer to component units	-	-	-	-
Debt service:				
Principal	1,490,000	1,755,000	2,120,000	1,765,000
Interest	1,307,725	1,367,857	1,462,091	1,476,923
Bond issuance costs	-	-	26,039	12,894
Capital outlay	12,702,849	7,190,933	21,828,949	6,216,232
Total Expenditures	108,507,128	107,370,463	124,087,825	111,448,917
Excess (Deficiency) of				
Revenues Over Expenditures	(6,162,333)	(3,219,194)	(14,628,901)	1,888,640
Other Financing Sources (Uses):				
Transfers in	21,998,555	12,952,105	19,659,931	21,069,304
Transfers in - Component Unit	-	-	-	-
Transfers out	(14,391,581)	(11,120,503)	(18,034,931)	(19,794,304)
Transfers out - Component Unit	-	-	-	-
Issuance of notes	-	-	-	-
Issuance of bonds	-	-	-	3,000,000
Bond discount	-	-	-	-
Issuance of refunding bonds	-	-	1,195,000	-
Premium on refunding bond	-	-	(15,500)	-
Payments to refunded bond escrow agent	-	-	(1,150,000)	-
Total Other Financing Sources (Uses)	7,606,974	1,831,602	1,654,500	4,275,000
Net Change in Fund Balances	\$ 1,444,641	\$ (1,387,592)	\$ (12,974,401)	\$ 6,163,640
Debt Service as a Percentage of				
Noncapital Expenditures	2.6%	3.1%	3.5%	3.1%

County of Kalamazoo, Michigan

Schedule 4 - Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years - 2014-2005 (Unaudited)

2010	2009	2008	2007	2006	2005
\$ 50,801,324	\$ 52,112,225	\$ 52,127,490	\$ 49,760,689	\$ 57,777,230	\$ 53,541,737
926,176	908,768	903,893	793,611	785,730	846,714
43,980,599	42,247,256	38,073,037	35,704,794	37,753,619	36,904,503
9,179,624	9,505,860	9,510,775	10,124,910	9,598,624	10,762,032
2,018,339	2,247,219	2,484,283	2,634,069	2,789,201	2,618,152
1,651,105	1,702,897	3,080,203	3,460,386	3,113,934	1,776,199
1,747,905	2,191,289	2,512,099	1,631,441	1,566,376	1,714,911
940,075	810,363	712,053	2,260,309	249,663	578,346
111,245,147	111,725,877	109,403,833	106,370,209	113,634,377	108,742,594
13,345,721	12,207,828	12,478,693	9,841,143	10,909,325	11,159,696
26,545,756	26,449,376	25,048,512	24,822,423	24,539,667	23,294,592
478,288	302,625	166,941	299,335	943,231	1,387,608
41,800,901	40,150,567	36,636,836	36,130,575	35,765,016	35,179,510
3,323,146	3,031,205	3,026,214	2,926,544	2,792,553	2,812,928
954,998	938,582	862,396	897,634	840,222	877,050
18,667,915	18,204,672	17,424,528	17,432,615	17,829,372	18,617,735
1,137,672	1,336,165	3,728,747	8,102,389	2,320,857	2,944,769
59,446	-	-	-	-	-
-	-	-	-	-	-
2,678,010	2,104,898	2,148,821	1,810,040	1,443,530	1,386,687
1,598,867	1,629,462	1,615,516	517,222	524,919	633,923
67,945	-	16,099	149,183	-	-
3,175,109	13,200,679	19,102,990	3,294,285	1,742,541	2,138,519
113,833,774	119,556,059	122,256,293	106,223,388	99,651,233	100,433,017
(2,588,627)	(7,830,182)	(12,852,460)	146,821	13,983,144	8,309,577
18,935,879	18,963,217	17,607,669	16,946,211	16,541,876	16,434,229
-	-	-	-	-	-
(17,414,888)	(18,804,451)	(17,463,255)	(16,808,792)	(16,212,332)	(16,275,980)
-	-	-	-	-	-
-	-	12,545	630,000	506,500	750,000
-	-	415,000	28,321,900	-	1,295,000
-	-	-	(189,727)	-	-
2,160,000	-	-	-	-	-
167,992	-	-	-	-	13,231
(2,000,000)	-	-	-	-	(1,441,363)
1,848,983	158,766	571,959	28,899,592	836,044	775,117
\$ (739,644)	\$ (7,671,416)	\$ (12,280,501)	\$ 29,046,413	\$ 14,819,188	\$ 9,084,694
3.9%	3.5%	3.7%	2.4%	2.0%	2.1%

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

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

County of Kalamazoo, Michigan

Schedule 5 - Assessed Value and Actual Value of Taxable Property^(a), Last Ten Fiscal Years - 2014-2005 (Unaudited)

Fiscal Year	<i>Real Property Value</i>					Total	(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>		
	\$	\$	\$	\$	\$	\$	
2014	260,740,862	1,536,258,273	376,652,416	5,583,276,707	874,725,038	8,631,653,296	6.3601
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

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

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

Source: County of Kalamazoo, Michigan, Equalization Department.

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

County of Kalamazoo, Michigan

Schedule 6 - Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years - 2014-2005 (Unaudited)

December 31,	Year Taxes Are Payable									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
County Direct Rates:										
Operating	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871
Law enforcement	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491
Juvenile Home debt	0.2239	0.2333	0.2234	0.2193	0.2050	0.1850	0.1950	0.2000	-	-
Total direct rates	6.3601	6.3695	6.3596	6.3555	6.3412	6.3212	6.3312	6.3362	6.1362	6.1362
Kalamazoo County										
Transportation Authority:	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	-	0.3800	0.4500	-
City Rates:										
Galesburg	9.8118	9.8118	9.8118	9.7856	9.7856	9.7856	9.7856	9.7856	9.8112	9.8112
Kalamazoo	20.8205	20.8205	20.8205	19.2705	19.2705	19.2705	19.2705	19.2705	19.1606	19.2705
Parchment	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772
Portage	10.9256	10.7778	10.7778	10.8916	10.7312	10.6598	10.6598	10.4892	10.1442	10.1442
Township Rates:										
	0.7860- 8.9691	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	0.7978- 10.8691	0.8059- 8.9691
Village Rates:										
	9.5000- 15.9005	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
Intermediate School Rates:										
	2.9783- 6.2057	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
Local School Rates:										
	22.3400- 26.7796	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	16.6421- 26.6209
Library Rates:										
	0.4985- 3.9583	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
Community College Rates:										
Glen Oaks	2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	2.7249	2.7088
Kalamazoo Valley	2.8135	2.8135	2.8135	2.8135	2.8135	2.8135	2.8135	2.8135	5.6270	2.8135
Kellogg	3.6136	3.6136	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106
State Education										
Tax Rates:	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, 2014 and 2005 (Unaudited)

<i>Taxpayer</i>	<i>Fiscal Year 2014</i>			<i>Fiscal Year 2005</i>		
	<i>Taxable Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total Taxable Assessed Value</i>	<i>Taxable Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total Taxable Assessed Value</i>
Pfizer/Pharmacia	\$ 359,708,249	1	4.44%	\$460,143,389	1	6.35%
Consumers Energy Company	141,216,282	2	1.74%	98,564,678	2	1.36%
Stryker Corporation	61,591,445	3	0.76%	26,990,946	5	0.37%
Zoetis	45,215,200	4	0.56%			
Edward Rose Development	43,222,451	5	0.53%	21,051,105	8	0.29%
Graphic Packaging	34,495,200	6	0.43%	27,299,700	4	0.38%
Kaiser Aluminum	28,510,185	7	0.35%			
Target Corporation	25,996,502	8	0.32%	36,194,638	3	0.50%
Connecticut General Life Ins. Co.	24,870,264	9	0.31%			
Meijer, Inc.	24,659,846	10	0.30%	22,624,798	7	0.31%
Greenleaf				24,342,475	6	0.34%
Bronson Medical				18,810,120	10	0.26%
Portfolio One Number				19,988,802	9	0.28%
Total	\$ 789,485,624		9.74%	\$756,010,651		10.44%

Source: County of Kalamazoo, Michigan, Equalization Department.

County of Kalamazoo, Michigan

Schedule 8 - Property Tax Levies and Collections, Last Ten Years - 2014-2005 (Unaudited)

Fiscal Year	Levy Year	Taxes ^(a) Levied for the Fiscal Year (Original Levy)		Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Total Collections to Date		
		Adjustments	Amount		Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy	
2014	2013	\$50,623,549	\$ 1,197,953	\$49,425,596	\$45,259,899	89.40%	\$1,391,118	\$46,651,018	94.39%
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%

^(a) 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 - 2014-2005 (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
2014	\$30,037,657	\$ 6,761,387	\$ -	\$ 36,799,044	0.37%	0.43%	142.18
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

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

Note: 2014 percentage of Personal Income calculated using 2013 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, 2014 (Unaudited)

<i>Governmental Unit</i>	<i>Debt Outstanding</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Direct and Overlapping Debt</i>
Libraries:			
Otsego	\$ 2,855,000	31.62%	\$ 902,751
Richland	480,000	100.00%	480,000
Total Libraries			1,382,751
Townships:			
Brady	602,208	100.00%	602,208
Charleston	2,299	100.00%	2,299
Comstock	250,000	100.00%	250,000
Cooper	935,000	100.00%	935,000
Pavilion	217,792	100.00%	217,792
Total Townships			2,007,299
Cities:			
Galesburg	1,778,000	100.00%	1,778,000
Kalamazoo	39,880,000	100.00%	39,880,000
Portage	72,175,000	100.00%	72,175,000
Total Cities			113,833,000
Villages:			
Augusta	740,000	100.00%	740,000
Climax	60,000	100.00%	60,000
Schoolcraft	575,000	100.00%	575,000
Vicksburg	3,480,000	100.00%	3,480,000
Total Villages			4,855,000

County of Kalamazoo, Michigan

Schedule 10 - Direct and Overlapping Governmental Activities Debt, as of December 31, 2014 (Unaudited) (Concluded)

<i>Governmental Unit</i>	<i>Debt Outstanding</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Direct and Overlapping Debt</i>
School Districts:			
Athens	\$ 1,570,000	5.98%	\$ 93,886
Climax Scotts	4,256,391	87.24%	3,713,276
Colon	12,230,000	1.30%	158,990
Comstock	5,192,000	100.00%	5,192,000
Galesburg Augusta	13,824,053	100.00%	13,824,053
Gull Lake	37,075,000	83.31%	30,887,183
Kalamazoo	179,570,000	100.00%	179,570,000
Lawton	26,359,311	0.67%	176,607
Mattawan	5,855,000	69.00%	4,039,950
Mendon	15,140,797	3.43%	519,329
Otsego	59,664,655	39.47%	23,549,639
Parchment	36,917,236	100.00%	36,917,236
Plainwell	52,877,659	31.73%	16,778,081
Portage	107,750,000	100.00%	107,750,000
Schoolcraft	10,511,804	100.00%	10,511,804
Vicksburg	16,076,000	97.37%	15,653,201
Total School Districts			449,335,235
Community Colleges -			
Glen Oaks	1,915,000	0.37%	7,086
Kalamazoo Valley Community College	9,835,000	94.95%	9,338,333
Kellogg Community College	9,725,000	0.26%	25,285
Total Community Colleges			9,370,703
Intermediate School Districts:			
Allegan	2,535,000	11.47%	290,765
Kalamazoo RESA	16,400,000	97.54%	15,996,560
St. Joseph	3,910,000	0.33%	12,903
Total Intermediate School Districts			16,300,228
Subtotal, Overlapping Debt			597,084,216
Total Direct Debt			30,105,000
Total Direct and Overlapping Debt			\$ 627,189,216

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

Note: Percentage of overlap based on assessed property values.

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County of Kalamazoo, Michigan

Schedule 11 - Legal Debt Margin Information, Last Ten Years - 2014-2005 (Unaudited)

<i>December 31,</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>
Legal Debt Margin:				
Assessed value of property (SEV)*	\$ 8,631,653,297	\$ 8,425,663,793	\$ 8,487,575,311	\$ 8,829,083,907
Debt limit, 10% of assessed value				
(SEV) (constitutional debt limit)	\$ 863,165,330	\$ 842,566,379	\$ 848,757,531	\$ 882,908,391
Amount of debt applicable to limit:				
Debt issues for purpose of the County functions only:				
Building Authority	33,805,000	35,200,000	36,535,000	37,625,000
Notes payable	-	-	-	1,716
Debt issues for benefit of local improvements:				
Water	525,000	570,000	620,000	670,000
Sewage	2,005,000	2,535,000	3,440,000	4,715,000
Water and sewage	-	-	-	-
Drainage	190,000	235,000	275,000	315,000
Notes payable	-	-	-	-
Total net debt applicable to limit	36,525,000	38,540,000	40,870,000	43,326,716
Legal Debt Margin	\$ 826,640,330	\$ 804,026,379	\$ 807,887,531	\$ 839,581,675
Total Net Debt Applicable to Limit				
as a Percentage of Debt Limit	4.23%	4.57%	4.82%	4.91%

County of Kalamazoo, Michigan

Schedule 11 - Legal Debt Margin Information, Last Ten Years - 2014-2005 (Unaudited)

2010	2009	2008	2007	2006	2005
\$ 8,987,753,185	\$ 9,463,789,245	\$ 9,688,818,821	\$ 9,411,054,325	\$ 8,997,222,049	\$ 8,480,400,646
\$ 898,775,319	\$ 946,378,925	\$ 968,881,882	\$ 941,105,433	\$ 899,722,205	\$ 848,040,065
35,700,000	36,350,000	36,950,000	37,420,000	9,300,000	9,500,000
4,960	7,971	386,918	741,244	1,090,282	1,424,813
720,000	770,000	820,000	875,000	930,000	970,000
5,815,000	7,565,000	9,070,000	9,730,000	10,790,000	11,830,000
-	-	-	-	-	-
355,000	610,000	430,000	630,000	-	-
180,000	240,000	240,950	422,900	767,000	289,500
42,774,960	45,542,971	47,897,868	49,819,144	22,877,282	24,014,313
\$ 856,000,359	\$ 900,835,954	\$ 920,984,014	\$ 891,286,289	\$ 876,844,923	\$ 824,025,752
4.76%	4.81%	4.94%	5.29%	2.54%	2.83%

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 - 2014-2005 (Unaudited)

<i>Year</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>
2014	258,818	*	*	5.6%
2013	256,725	\$ 10,055,548,000	\$ 39,169	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%

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 2014.*

County of Kalamazoo, Michigan

Schedule 13 - Employment by Principal Industries, Current Year and Nine Years Ago - December 31, 2014 and 2005 (Unaudited)

<i>Industry</i>	<i>Fiscal Year 2014</i>			<i>Fiscal Year 2005</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	20,490	1	14.08%	19,527	2	13.00%
Manufacturing	17,678	2	12.15%	20,739	1	13.81%
Retail trade	14,994	3	10.30%	17,584	3	11.71%
Accommodation and food services	12,205	4	8.39%	11,846	4	7.89%
Administrative and waste management services	9,708	5	6.67%	10,184	5	6.78%
Other services, except public administration	8,498	6	5.84%	8,318	8	5.54%
Finance and insurance	8,377	7	5.76%	6,381	10	4.25%
Local government	8,254	8	5.67%	9,447	6	6.29%
Professional, scientific, and technical services	7,201	9	4.95%	6,600	9	4.39%
Construction	6,303	10	4.33%	8,407	7	5.60%
Total Full-time and Part-Time County Employment	113,708		78.13%	119,033		79.26%
	145,541		100.00%	150,211		100.00%

Note: 2014 percentage of personal income calculated using 2013 personal income data, which is the most recent available.

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 - 2014-2005 (Unaudited)

<i>Full-time Equivalent Employees as of December 31,</i>										
<i>Function/Program</i>	<i>2014</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>
General government	143.2	138.8	138.8	140.3	139.8	129.2	128.2	128.2	128.7	127.7
Public safety	241.8	241.8	215.8	224.3	220.8	226.5	226.5	226.5	226.0	225.9
Health and welfare	208.1	203.8	286.3	292.1	285.3	295.6	278.0	299.3	306.3	314.4
Recreation and culture	17.6	18.4	18.6	18.2	18.2	19.0	19.0	17.3	17.7	19.5
Legislative	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.0	6.0	9.8
Judicial	226.5	224.0	223.5	227.8	226.8	226.0	225.1	222.1	225.1	225.9
Other	16.0	16.0	16.0	21.0	21.0	31.6	29.6	29.6	28.9	29.5
Airport	21.0	22.0	22.0	23.5	23.5	23.5	23.5	23.5	23.5	19.5
Total	880.5	871.1	927.3	953.5	941.7	957.7	936.2	952.5	962.2	972.2

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

County of Kalamazoo, Michigan

Schedule 15 - Operating Indicators by Function, Last Ten Fiscal Years - 2014-2005 (Unaudited)

<i>Function/Program</i>	<i>Fiscal Year</i>									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government:										
Revenue from sale of maps, aerial photos and street directories	\$ 4,146	\$ 5,056	\$ 9,166	\$ 7,625	\$ 5,594	\$ 865	\$ 1,490	\$12,117	\$ 1,039	\$ 1,809
Revenue from Soil Erosion and Sedimentation Control permits issued	24,107	30,285	28,029	21,754	21,880	22,715	30,173	36,180	47,147	50,011
Public Safety:										
Jail bookings	12,171	12,973	13,380	12,591	12,372	11,849	11,539	11,499	12,319	11,777
Average daily population	400	404	409	387	374	388	391	366	340	365
Judicial:										
8th District Court caseloads	50,640	54,898	59,858	55,636	64,034	67,143	73,210	80,700	79,257	82,326
Airport:										
Based aircraft	110	109	111	143	143	143	143	148	148	144
Enplanements	134,175	127,559	130,163	152,593	141,083	139,712	166,986	206,659	236,744	222,343

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 - 2014-2005 (Unaudited)

<i>Function/Program</i>	<i>Fiscal Year</i>									
	<i>2014</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>
Public Safety:										
Correction facility capacity	327	327	327	327	327	327	327	327	327	327
Juvenile Home capacity	64	64	64	64	64	64	40	40	40	40
Recreation and Culture:										
Parks	6	6	6	6	6	6	6	6	6	6
County Fairground	1	1	1	1	1	1	1	1	1	1
Judicial:										
Courthouse buildings	3	3	3	3	3	3	3	3	3	3
Airport Operations:										
Number of runways	3	3	3	3	3	3	3	3	3	3
Terminals	2	2	2	2	1	1	1	1	1	1
Number of hangars	84	84	84	95	95	95	95	95	95	95

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

Information on Single Audit



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Commissioners
County of Kalamazoo, Michigan
Kalamazoo, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Kalamazoo, Michigan (the County), as of and for the year ended December 31, 2014 (September 30, 2014, 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 26, 2015. 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.

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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 26, 2015



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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, 2014. 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 \$5,049,061 in federal awards, and Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS), which expended \$3,447,959 in federal awards, and are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2014. 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, 2014.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-01, 2014-02, 2014-03, and 2014-04, that we considered to be significant deficiencies.



The County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 26, 2015

Schedule of Expenditures of Federal Awards

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Agriculture:		
<i>Passed-through Michigan Department of Education:</i>		
<i>School Breakfast Program:</i>		
Breakfast - Project No. 141970	10.553	\$ 26,538
Breakfast - Project No. 151970	10.553	10,167
		36,705
<i>National School Lunch Program:</i>		
Section 11 - Free and Reduced - Project No. 141960	10.555	43,667
Section 11 - Free and Reduced - Project No. 151960	10.555	16,597
		60,264
<i>Passed-through Michigan Department of Community Health:</i>		
<i>Special Supplemental Nutrition Program for Women, Infants, and Children:</i>		
Special Support Food Program for Women, Infants, and Children	10.557	531,313
<i>Passed-through Michigan Department of Human Services:</i>		
<i>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:</i>		
Food Stamp Fraud Prosecution	10.561	12,345
<i>Passed-through Workforce Development Agency, State of Michigan:</i>		
<i>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:</i>		
FY 14 Food Assistance	10.561	17,650
FY 14 Food Assistance Supportive Services	10.561	767
		30,762
Total U.S. Department of Agriculture		659,044
U.S. Department of Housing and Urban Development:		
<i>Passed-through Michigan State Housing Development Authority:</i>		
<i>Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii:</i>		
CDBG Housing Grant	14.228	51,484
Total U.S. Department of Housing and Urban Development		51,484
U.S. Department of Justice:		
<i>Passed-through Michigan State Police:</i>		
DCE/SP (HEMP) Overtime Reimbursement	16.000	1,851

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Justice (Concluded):		
<i>Passed-through Michigan Department of Community Health:</i>		
<i>Crime Victim Assistance:</i>		
Victims of Violence - Assistance Program 20081-17V13	16.575	\$ 44,099
Victims of Violence - Assistance Program	16.575	15,880
		59,979
Direct Program - State Criminal Alien Assistance Program	16.606	3,897
<i>Passed-through Michigan State Police:</i>		
<i>Edward Byrne Memorial Justice Assistance Grant Program:</i>		
SWET 70888-6-14-B	16.738	29,563
SWET 70888-6-14-B	16.738	15,332
Adult Men's Drug Treatment Court 2013-MU-BX-0051	16.738	94,173
Adult Men's Drug Treatment Court 2014	16.738	41,379
Adult Women's Drug Treatment Court 2013-MU-BX-0051	16.738	91,094
Adult Women's Drug Treatment Court 2014	16.738	28,033
<i>Passed-through City of Kalamazoo, Michigan:</i>		
<i>Edward Byrne Memorial Justice Assistance Grant Program:</i>		
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2011	16.738	10,210
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2012	16.738	7,622
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2013	16.738	11,311
Kalamazoo County Sheriff's Dept. Byrne Justice Assistance Grant 2014	16.738	11,623
		340,340
Total U.S. Department of Justice		406,067
U.S. Department of Labor:		
<i>Passed-through Workforce Development Agency, State of Michigan:</i>		
<i>Employment Service/Wagner-Peyser Funded Activities:</i>		
AY12 Wagner Peyser 7(A)	17.207	73,332
AY13 Wagner Peyser 7(A)	17.207	376,575
		449,907
<i>Unemployment Insurance:</i>		
RES/REA for Claimants	17.225	(942)
<i>Trade Adjustment Assistance:</i>		
FY13 Trade Adjustment Assistance 2009/2011	17.245	114,582
FY14 Trade Adjustment Assistance 2009/2011	17.245	343,273
FY14 Trade Adjustment Assistance 2002	17.245	1,746
		459,601

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Labor (Continued):		
Work Force Investment Act Adult Program:		
AY13 WIA Adult	17.258	\$ 611,277
AY14 WIA Adult	17.258	6,977
AY11 WIA Local Administration	17.258	1,625
AY12 WIA Local Administration	17.258	742
AY13 WIA Local Administration	17.258	66,571
AY12 WIA SWA - MWA Service Center Operations - PY2012	17.258	1,903
AY13 WIA SWA - MWA Service Center Operations - PY2013	17.258	8,505
AY12 WIA SWA - Capacity Building - PY2013	17.258	7,553
AY14 WIA SWA - Capacity Building	17.258	37,000
AY12 WIA SWA - Incentive - PY2012	17.258	668
		742,821
Work Force Investment Act Youth Activities:		
AY13 WIA Youth	17.259	803,488
AY14 WIA Youth	17.259	85,492
AY11 WIA Local Administration	17.259	1,763
AY12 WIA Local Administration	17.259	793
AY13 WIA Local Administration	17.259	71,386
AY12 WIA SWA - MWA Service Center Operations - PY2012	17.259	2,035
AY13 WIA SWA - MWA Service Center Operations - PY2013	17.259	9,121
AY12 WIA SWA - Capacity Building - PY2013	17.259	8,099
AY14 WIA SWA - Capacity Building	17.259	39,500
AY12 WIA SWA - Incentive - PY2012	17.259	715
		1,022,392
Work Force Investment Act National Emergency Grants:		
FY 12 WIA Dislocated Worker - Nat Res - Emergency Grant - OJT NEG	17.277	9,654
FY 13 WIA Dislocated Worker - Nat Res - Emergency Grant - NEG DW Training	17.277	45,814
		55,468
Work Force Investment Act Dislocated Worker Formula Grants:		
AY11 WIA Dislocated Worker	17.278	49,815
AY12 WIA Dislocated Worker	17.278	21,057
AY13 WIA Dislocated Worker	17.278	554,316
AY14 WIA Dislocated Worker	17.278	30,326
AY11 WIA Local Administration	17.278	2,146
AY12 WIA Local Administration	17.278	805
AY13 WIA Local Administration	17.278	71,386
AY12 WIA SWA - MWA Service Center Operations - PY2012	17.278	2,065
AY13 WIA SWA - MWA Service Center Operations - PY2013	17.278	9,121
AY13 WIA SWA - Capacity Building - PY2013	17.278	8,099
AY14 WIA SWA - Capacity Building	17.278	48,500
AY12 WIA SWA - Incentive - PY2012	17.278	725
		798,361
Total U.S. Department of Labor		3,527,608

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Transportation:		
<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	\$ 63,473
<hr/>		
<i>Interagency Hazardous Materials Public Sector Training & Planning Grants:</i>		
Hazardous Materials Emergency Preparedness Planning Program	20.703	5,535
<hr/>		
Total U.S. Department of Transportation		69,008
<hr/>		
U.S. Environmental Protection Agency:		
<i>Passed-through Michigan Department of Environmental Quality:</i>		
<i>Nonpoint Source Implementation Grants:</i>		
Davis Creek Stream Stabilization	66.460	526
<hr/>		
<i>Capitalization Grants for Drinking Water State Revolving Funds:</i>		
Nontransient NCW System	66.468	949
<hr/>		
Total U.S. Environmental Protection Agency		1,475
<hr/>		
U.S. Department of Energy:		
<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	93,849
Weatherization Assistance Program	81.042	162,539
<hr/>		
256,388		
<hr/>		
<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	4,320
<hr/>		
Total U.S. Department of Energy		260,708
<hr/>		
U.S. Department of Health and Human Services:		
<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	6,844
<hr/>		
<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	12,314
<hr/>		

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Health and Human Services (Continued):		
<i>Passed-through Michigan Office of Services to the Aging:</i>		
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services:		
Title III D Services	93.043	\$ 12,243
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers:		
Title III B - Administration	93.044	20,427
Title III B - Services (Program Development)	93.044	35,059
Title III B - Services	93.044	146,789
		202,275
Special Programs for the Aging - Title III, Part C - Nutrition Services:		
Title III Administration	93.045	36,900
Title III C1/C2 Services	93.045	346,913
		383,813
<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	16,184
<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	3,000
National Family Caregiver Support - Title III, Part E:		
Title III E - NFCSP	93.052	12,804
Title III E - Care Management	93.052	28,033
Title III E - Administration	93.052	8,566
Title III E - Information and Assistance	93.052	30,620
		80,023
Nutrition Services Incentive Program:		
Area Agency on Aging - USDA Senior Citizen Meals	93.053	151,570
<i>Passed-through Michigan Department of Community Health:</i>		
Public Health Emergency Preparedness:		
Bioterrorism Regional EPI Support	93.069	2,819
Laboratory Services Bio	93.069	76,316
Bioterrorism - Coordination	93.069	152,853
		231,988

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
<i>U.S. Department of Health and Human Services (Continued):</i>		
<i>Passed-through Michigan Medicare/Medicaid Assistance Program:</i>		
<i>Medicare Improvements for Patients and Providers Act:</i>		
Area Agency on Aging - MIPPA	93.071	\$ 2,800
<i>Passed-through Michigan Department of Community Health:</i>		
<i>Immunization Cooperative Agreements:</i>		
Vaccine Provided	93.268	213,662
Infant Immunization Initiative	93.268	109,933
		323,595
<i>Passed-through Michigan Medicare/Medicaid Assistance Program:</i>		
<i>Centers for Medicare and Medicaid Services (CMS) Research, Demonstration and Evaluations:</i>		
State Health Insurance Assistance Program	93.324	13,103
<i>Passed-through Michigan Department of Community Health:</i>		
<i>Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program:</i>		
Early Childhood Home Visiting Program	93.505	9,268
<i>Passed-through Workforce Development Agency, State of Michigan:</i>		
<i>Temporary Assistance for Needy Families:</i>		
FY14 TANF - PATH	93.558	1,686,311
FY14 TANF - PATH Supportive Services	93.558	28,000
		1,714,311
<i>Passed-through Michigan Department of Human Services:</i>		
<i>Child Support Enforcement:</i>		
CS/FOC-13-39001 (YR 1)	93.563	1,358,516
CS/FOC-13-39001 (YR 2)	93.563	411,349
CS/PA-13-39002 (YR 2)	93.563	349,790
Child Support Enforcement	93.563	119,342
<i>Federal Performance Incentive Payment:</i>		
CS/FOC-13-39001 (FY2014)	93.563	332,148
		2,571,145
<i>Low-Income Home Energy Assistance:</i>		
LCA Deliverable Fuel	93.568	4,059

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Health and Human Services (Continued):		
Community Services Block Grant:		
Community Services Block Grant	93.569	\$ 595,823
Community Services Block Grant - Discretionary	93.569	41,218
		637,041
<i>Passed-through State Court Administrative Office:</i>		
Grants to States for Access and Visitation Programs:		
Access and Visitation Grant	93.597	9,560
<i>Passed-through Michigan Department of Human Services:</i>		
Foster Care - Title IV-E:		
Prosecuting Attorney DHS Grant PROFC-11-39001	93.658	64,070
<i>Passed-through Michigan Department of Community Health:</i>		
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Program:		
Capacity Building Michigan Immunization PT1	93.773	25,000
Cancer Prevention and Control Programs for State Territorial and Tribal Organizations Financed in Part by Prevention and Public Health Funds:		
MI Cancer Prevention Control Program	93.752	93,769
Medical Assistance Program:		
Case Management Services - CHSCS	93.778	86,433
Medicaid Outreach - AAA	93.778	4,245
Medicaid Outreach - CSHCS	93.778	30,718
Medicaid Outreach - BCCCP	93.778	15,211
Medicaid Outreach - NFP	93.778	4,135
Nurse Family Partnership	93.778	228,793
<i>Passed-through Michigan Office of Services to the Aging:</i>		
Medical Assistance Program:		
Targeted Case Management	93.778	29,345
		398,880
Centers for Medicare and Medicaid Services, Research, Demonstrations, and Evaluations:		
<i>Passed-through Michigan Disability Rights Coalition:</i>		
External Advocacy	93.779	8,000
		8,000

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Health and Human Services (Concluded):		
<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	\$ 161,666
Direct Program - Healthy Start Initiative	93.926	517,672
<i>Passed-through Michigan Department of Community Health:</i>		
HIV Prevention Activities - Health Department Based: AIDS/HIV Prevention	93.940	52,439
Preventative Health and Health Services Block Grant:		
Sexually Transmitted Disease (STD Control)	93.991	4,185
Maternal and Child Health Services Block Grant to the States:		
MCH Block Grant - Immunizations	93.994	109,732
MCH Block Grant - IAP	93.994	25,965
MPHI Block Grant	93.994	528
		136,225
Total U.S. Department of Health and Human Services	7,847,042	
 Executive Office of the President:		
<i>Passed-through Southwest Enforcement Team (SWET):</i>		
High Intensity Drug Trafficking Areas:		
Meth/Cocaine Investigations Overtime Reimbursements	95.001	7,660
Total Executive Office of the President	7,660	
 U.S. Department of Homeland Security:		
<i>Passed-through Michigan Department of Natural Resources:</i>		
Boating Safety Financial Assistance: Marine Safety Program	97.012	21,100
<i>Passed-through Michigan State Police:</i>		
Emergency Management Performance Grants:		
Emergency Management Performance Grant (PY2012)	97.042	15,796
Emergency Management Performance Grant (PY2013)	97.042	22,412
Emergency Management Performance Grant (PY2015)	97.042	7,915
		46,123

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Homeland Security (Concluded):		
<i>Passed-through Van Buren County:</i>		
Homeland Security Grant Program:		
Homeland Security Grant Program	97.067	\$ 57,601
Direct Program - Law Enforcement Officer Reimbursement Agreement Program	97.090	81,558
Total U.S. Department of Homeland Security		206,382
Total Primary Government Unit		\$ 13,036,478

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County of Kalamazoo, Michigan

Supplemental Schedule of Expenditures by Service September 30, 2014

Services	Federal Admin	Title IIIB	Title IIIC-1	Title IIIC-2	Title IIID	NFCSP IIIE	Title VII/EAP	Title VIA	NSIP	State Access	State In-Home
Adult Day Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Care Management	-	68,540	-	-	-	34,288	-	-	-	14,487	-
Caregiver E,S,T	-	-	-	-	-	2,345	-	-	-	-	-
Case Coord/Support	-	3,696	-	-	-	-	-	-	-	-	-
Congregate Meals	-	-	193,960	-	-	-	-	-	42,996	-	-
Counseling	-	723	-	-	-	7,035	-	-	-	-	-
Disease Prevent	-	-	-	-	13,338	-	-	-	-	-	-
Elder Abuse Prevention	-	-	-	-	-	-	8,573	-	-	-	-
Gap Services	-	2,669	-	-	-	-	-	-	-	-	-
Home Delivered Meals	-	-	-	148,997	-	-	-	-	101,979	-	-
Home Injury Control	-	-	-	-	-	3,000	-	-	-	-	-
Homemaker	-	39,663	-	-	-	-	-	-	-	-	43,926
Information & Assistance	-	10,042	-	-	-	33,968	-	-	-	-	-
Legal Assistance	-	12,491	-	-	-	-	-	-	-	-	-
LTC Ombudsman	-	7,235	-	-	-	-	-	11,850	-	-	-
Medication Management	-	-	-	-	-	-	-	-	-	-	2,665
Nutrition Education	-	-	1,541	-	-	-	-	-	-	-	-
PERS/Assist Tech & Devices	-	-	-	-	-	-	-	-	-	-	-
Personal Care	-	-	-	-	-	-	-	-	-	-	1,144
Program Development	-	38,432	-	-	-	-	-	-	-	-	-
Respite Care	-	-	-	-	-	-	-	-	-	-	-
Senior Center Staffing	-	7,093	-	-	-	-	-	-	-	-	-
Transportation	-	15,901	-	-	-	-	-	-	-	-	-
Subtotal	-	206,485	195,501	148,997	13,338	80,636	8,573	11,850	144,975	14,487	47,735
Administration	72,186	-	-	-	-	-	-	-	-	-	-
Total	\$ 72,186	\$ 206,485	\$ 195,501	\$ 148,997	\$ 13,338	\$ 80,636	\$ 8,573	\$ 11,850	\$ 144,975	\$ 14,487	\$ 47,735

County of Kalamazoo, Michigan

Supplemental Schedule of Expenditures by Service September 30, 2014

State Cong.	St. Home Del Meals	State NHO	State Alt. Care	State CMP	State Care Mgmt	Merit Award Trust Fund	State Respite (Escheat)	State ANS	State Admin	Program Income	Cash Match	State In-Kind Match	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,706	\$ 38,970	\$ -	\$ -	\$ 1,114	\$ -	\$ -	\$ 77,790
-	-	-	-	-	137,109	-	-	22,591	-	-	48,344	-	325,359
-	-	-	-	-	-	-	-	-	-	-	453	-	2,798
-	-	-	-	-	-	-	-	-	-	-	411	-	4,107
4,853	-	-	-	-	-	-	-	-	-	65,227	24,334	-	331,370
-	-	-	-	-	-	-	-	-	-	-	547	885	9,190
-	-	-	-	-	-	-	-	-	-	16,974	30,911	-	61,223
-	-	-	-	-	-	-	-	-	-	-	953	-	9,526
-	-	-	-	-	-	-	-	-	-	-	324	-	2,993
-	176,438	-	-	-	-	-	-	-	-	71,652	46,130	-	545,196
-	-	-	-	-	-	-	-	-	-	-	42	333	3,375
-	-	-	26,047	-	-	-	-	-	-	-	13,265	1,158	124,059
-	-	-	-	-	-	-	-	-	-	-	39,262	-	83,272
-	-	-	-	-	-	-	-	-	-	-	400	1,388	14,279
-	-	30,216	-	38,269	-	-	-	-	-	14,437	18,276	-	120,283
-	-	-	-	-	-	-	-	-	-	-	297	-	2,962
-	-	-	-	-	-	-	-	-	-	-	172	-	1,713
-	-	-	13,784	-	-	-	-	-	-	-	1,543	-	15,327
-	-	-	16,828	-	-	-	-	-	-	-	1,870	127	19,969
-	-	-	-	-	-	-	-	-	-	13,785	4,270	-	56,487
-	-	-	21	-	-	24,267	47,212	-	-	-	3	-	71,503
-	-	-	-	-	-	-	-	-	-	-	2,279	333	9,705
-	-	-	-	-	-	-	-	-	-	-	2,481	1,522	19,904
4,853	176,438	30,216	56,680	38,269	137,109	61,973	86,182	22,591	-	183,189	236,567	5,746	1,912,390
-	-	-	-	-	-	6,129	-	-	12,473	25,892	12,214	-	128,894
\$ 4,853	\$ 176,438	\$ 30,216	\$ 56,680	\$ 38,269	\$ 137,109	\$ 68,102	\$ 86,182	\$ 22,591	\$ 12,473	\$ 209,081	\$ 248,781	\$ 5,746	\$ 2,041,284

County of Kalamazoo, Michigan

Schedule of Federal Pass-Through Funds to Subrecipients - Year Ended December 31, 2014

<i>Program Name</i>	<i>CFDA Number</i>	<i>Current Year</i>
Food Assistance	10.561	\$ 17,650
Food Assistance - Supportive Services	10.561	767
Wagner Peyser	17.207	449,906
RES/REA For Claimants	17.225	(942)
Trade Adjustment Assistance - Trade 2009/2011 Case Management	17.245	114,582
Trade Adjustment Assistance - Trade 2009/2011	17.245	343,273
Trade Adjustment Assistance - Trade 2002	17.245	1,746
Workforce Investment Act - Adult	17.258	618,253
Workforce Investment Act - Youth	17.259	888,980
Workforce Investment Act - Dislocated Worker	17.278	655,514
Workforce Investment Act - Dislocated Worker Nat. Res. - Emergency Grant - OJT NEG	17.277	9,654
Workforce Investment Act - Dislocated Worker Nat. Res. - Emergency Grant - NEG DW Training	17.277	45,814
Workforce Investment Act - Local Administration	17.258	68,939
Workforce Investment Act - Local Administration	17.259	73,943
Workforce Investment Act - Local Administration	17.278	74,337
Workforce Investment Act - SWA - Capacity Building	17.258	44,553
Workforce Investment Act - SWA - Capacity Building	17.259	47,599
Workforce Investment Act - SWA - Capacity Building	17.278	56,599
Workforce Investment Act - SWA - Incentive	17.258	668
Workforce Investment Act - SWA - Incentive	17.259	715
Workforce Investment Act - SWA - Incentive	17.278	725
Workforce Investment Act - SWA - MWA Service Center Operations	17.258	10,409
Workforce Investment Act - SWA - MWA Service Center Operations	17.259	11,156
Workforce Investment Act - SWA - MWA Service Center Operations	17.278	11,186
Kalamazoo Utility Grant	81.122	4,320
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	32,461
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	346,913
Special Programs for the Aging - Title IV and Title II Discretionary Projects - Senior Medicare Patrol	93.048	3,999
National Family Caregiver Support - Title III, Part E	93.052	12,804
Nutrition Services Incentive Program (USDA) - Senior Citizens' Meal Program	93.053	151,570
Medical Assistance Program (Medicaid) Centers for Medicare and Medicaid Services (CMS)	93.324	11,832
Temporary Assistance for Needy Families - JET	93.558	1,686,311
Temporary Assistance for Needy Families - PATH	93.558	28,000
Homeland Security Grant Program (Transfer of Equipment to Augusta Police Department)	97.042	163
Homeland Security Grant Program (Transfer of Equipment to Galesburg Police Department)	97.042	163
Homeland Security Grant Program (Transfer of Equipment to Kalamazoo County sheriff's Office)	97.042	3,015
Homeland Security Grant Program (Transfer of Equipment to Kalamazoo Township Police Department)	97.042	2,893
Homeland Security Grant Program (Transfer of Equipment to Kalamazoo Department of Public Safety)	97.042	2,038
Homeland Security Grant Program (Transfer of Equipment to Kalamazoo Valley Community College Public Safety)	97.042	163
Homeland Security Grant Program (Transfer of Equipment to Portage Public Safety)	97.042	2,853
Homeland Security Grant Program (Transfer of Equipment to Schoolcraft Police Department)	97.042	122
Homeland Security Grant Program (Transfer of Equipment to WMU Police Department)	97.042	1,222
Homeland Security Grant Program (Transfer of Equipment to Richland Police Department)	97.042	1,222
Homeland Security Grant Program (Transfer of Equipment to Kalamazoo County Bomb Squad)	97.042	15,735
Homeland Security Grant Program (Transfer of Equipment to Kalamazoo County SWAT Team)	97.042	8,917
Total Federal Pass-Through Funds to Subrecipients		\$ 5,862,742

County of Kalamazoo, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

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>December 31, 2014</i>	<i>Federal CFDA Number</i>	<i>Current Year Expenditures</i>
<hr/>		
Primary Government -		
U.S. Department of Transportation -		
<i>Passed-through Michigan Department of Transportation:</i>		
Airport Improvement Program	20.106	\$ 2,476,396
<hr/>		
Discretely Presented Component Unit -		
Governmental - Road Commission -		
U.S. Department of Transportation -		
<i>Passed-through Michigan Department of Transportation:</i>		
Highway Research, Planning, and Construction	20.205	\$ 5,049,061
<hr/>		

County of Kalamazoo, Michigan

Schedule of Findings and Questioned Costs Year Ended December 31, 2014

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?	Yes
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 <i>OMB Circular A-133</i> ?	Yes

CFDA No. Name of Federal Program or Cluster

10.557	Women, Infants, and Children	
16.738	Edward Byrne Memorial Justice Assistance	
17.207	Wagner Peyser Employee Services	
93.069	Public Health Emergency Preparedness	
93.563	Child Support Enforcement	
93.569	Community Services Block Grant	
93.778	Medical Assistance Program	
Dollar threshold used to distinguish between Type A and Type B Programs		\$391,094
Auditee qualified as low-risk auditee?		Yes

Section II - Financial Statement Findings

No matters were reported.

County of Kalamazoo, Michigan

Schedule of Findings and Questioned Costs Year Ended December 31, 2014

Section III - Federal Award Findings and Questioned Costs

2014-01 - Eligibility

Federal program information:

Funding agency: U.S. Department of Health and Human Services
Title: Community Services Block Grant
CFDA number: 93.569
Award period and number: All program award periods and numbers

Condition: During our testing of eligibility, we noted that a participant's file could not be located.

Questioned Costs: Not applicable

Context: This is a condition identified per review of the County's compliance with specified requirements. This condition was noted in one of twenty four items tested.

Cause: BDO was unable to determine the eligibility of the participant.

Effect: Policies and procedures were not appropriately in place and/or adhered to in certain instances to ensure that supporting documentation was maintained correctly to evidence that the participant was eligible to receive services.

Auditor's Recommendations: BDO recommends implementing proper policies and procedures to ensure records are maintained to determine eligibility in accordance with OMB Circular A-133.

Management's Response: County of Kalamazoo Health and Community Services Department acknowledges that there were missing files in the Community Action Agency Community Services Block Grant Program. Proper policies and procedures will be implemented to ensure records are maintained to determine eligibility in accordance with OMB Circular A-133.

2014-02 - Eligibility

Federal program information:

Funding agency: U.S. Department of Health and Human Services
Title: Community Services Block Grant
CFDA number: 93.569
Award period and number: All program award periods and numbers

Condition: During our testing of eligibility, we noted that a participant's income had not been verified within the 30 days prior to receiving an award.

Questioned Costs: Not applicable

Context: This is a condition identified per review of the County's compliance with specified requirements. This condition was noted in four of twenty four items tested.

Cause: BDO was unable to determine the eligibility of the participant.

Effect: Policies and procedures were not appropriately in place and/or adhered to in certain instances to ensure that participant's income qualified them to receive federal awards.

Auditor's Recommendations: BDO recommends implementing proper policies and procedures to ensure income is verified appropriately to ensure eligibility in accordance with OMB Circular A-133.

County of Kalamazoo, Michigan

Schedule of Findings and Questioned Costs Year Ended December 31, 2014

Section III - Federal Award Findings and Questioned Costs (Continued)

Management's Response: County of Kalamazoo Health and Community Services Department acknowledges that income had not been verified within the 30 days prior to receiving an award in the Community Action Agency Community Services Block Grant Program. Proper policies and procedures will be implemented to ensure income is verified appropriately to ensure eligibility in accordance with OMB Circular A-133.

2014-03 - Eligibility

Federal program information:

Funding agency: U.S. Department of Health and Human Services

Title: Community Services Block Grant

CFDA number: 93.569

Award period and number: All program award periods and numbers

Condition: During our testing of eligibility, we noted that participants' income had been incorrectly computed.

Questioned Costs: Not applicable

Context: This is a condition identified per review of the County's compliance with specified requirements. This condition was noted in three of twenty four items tested.

Cause: BDO was unable to determine eligibility of the participants.

Effect: Policies and procedures were not appropriately in place and/or adhered to in certain instances to ensure that participant's income was computed correctly to qualify them to receive federal awards.

Auditor's Recommendations: BDO recommends implementing proper policies and procedures to ensure income is computed correctly to ensure eligibility in accordance with OMB Circular A-133.

Management's Response: County of Kalamazoo Health and Community Services Department acknowledges that income had not been computed correctly in the Community Action Agency Community Services Block Grant Program. Proper policies and procedures will be implemented to ensure income is computed correctly to ensure eligibility in accordance with OMB Circular A-133.

2014-04 - Eligibility

Federal program information:

Funding agency: U.S. Department of Health and Human Services

Title: Community Services Block Grant

CFDA number: 93.569

Award period and number: All program award periods and numbers

Condition: During our testing of eligibility, we noted that documentation was not maintained to support participants' income.

Questioned Costs: Not applicable

Context: This is a condition identified per review of the County's compliance with specified requirements. This condition was noted in five of twenty four items tested.

County of Kalamazoo, Michigan

Schedule of Findings and Questioned Costs Year Ended December 31, 2014

Section III - Federal Award Findings and Questioned Costs (Concluded)

Cause: BDO was unable to determine eligibility of the participants.

Effect: Policies and procedures were not appropriately in place and/or adhered to in certain instances to ensure that supporting documentation was maintained correctly to evidence that the participant was eligible to receive services.

Auditor's Recommendations: BDO recommends implementing proper policies and procedures to ensure records are maintained to determine eligibility in accordance with OMB Circular A-133.

Management's Response: County of Kalamazoo Health and Community Services Department acknowledges that documentation was not maintained to support participants' income in the Community Action Agency Community Services Block Grant Program. Proper policies and procedures will be implemented to ensure records are maintained to determine eligibility in accordance with OMB Circular A-133.

Section IV - Prior Audit Findings

None

County of Kalamazoo, Michigan

Corrective Action Plan Year Ended December 31, 2014

Audit Finding	Corrective Action Plan	Persons Responsible	Estimated Completion Date
2014-01	Implement new file tracking system to ensure files can be located.	Charlotte Smith	June 1, 2015
	Design and implement one-file per client system to improve record keeping efficiencies.	Charlotte Smith	June 1, 2015 for new program year
	Perform random peer reviews to ensure procedures are being followed.	Gillian Stoltman	On-going
2014-02	Implement standard that no awards will be issued unless files are complete, accurate and approved by management.	Charlotte Smith	May 13, 2015
	Institute a check and balance system to verify income was properly calculated and documented.	Charlotte Smith	May 13, 2015
	Perform weekly file reviews to ensure compliance.	Charlotte Smith	May 13, 2015
	Perform random peer reviews to ensure procedures are being followed.	Gillian Stoltman	On-going
2014-03	Implement standard that no awards will be issued unless files are complete, accurate and approved by management.	Charlotte Smith	May 13, 2015
	Institute a check and balance system to verify income was properly calculated and documented.	Charlotte Smith	May 13, 2015
	Perform weekly file reviews to ensure compliance.	Charlotte Smith	May 13, 2015
	Perform random peer reviews to ensure procedures are being followed.	Gillian Stoltman	On-going

County of Kalamazoo, Michigan

Corrective Action Plan Year Ended December 31, 2014

Audit Finding	Corrective Action Plan	Persons Responsible	Estimated Completion Date
2014-04	Implement standard that no awards will be issued unless files are complete, accurate and approved by management.	Charlotte Smith	May 13, 2015
	Institute a check and balance system to verify income was properly calculated and documented.	Charlotte Smith	May 13, 2015
	Perform weekly file reviews to ensure compliance.	Charlotte Smith	May 13, 2015
	Perform random peer reviews to ensure procedures are being followed.	Gillian Stoltman	On-going