

County of Kalamazoo, Michigan

Comprehensive Annual Financial Report
and Single Audit Act Compliance

Year Ended December 31, 2008

Prepared By:

**Peter M. Battani,
County Administrator/Controller**

**Tracie L. Moored,
Director, Finance and Administrative Services**

County of Kalamazoo, Michigan

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Introductory Section

County of Kalamazoo, Michigan

List of Officials for 2008

County Board of Commissioners

David Buskirk - Chairperson
Deb Bucholtz-Hiemstra - Vice Chairperson

Carolyn Alford	Jeff Heppler
Nasim Ansari	Brian Johnson
Jeff Balkema	David Maturen
Robert Barnard	John Nieuwenhuis
Grady Biby	John Taylor
Leroy Crabtree	Franklin C. Thompson
Thomas Drabik	Jack Urban
	John Zull

Circuit Court Judges

J. Richard Johnson - Chief Judge

Alexander C. Lipsey
Gary C. Giguere, Jr.
Stephen D. Gorsalitz
Pamela C. Lightvoet

District Court Judges

Paul J. Bridenstine - Chief Judge

Quinn Benson
Anne Blatchford
Carol Husum
Robert Kropf
Richard Santoni
Vincent Westra

Probate Court Judges

Donald Halstead - Chief Judge

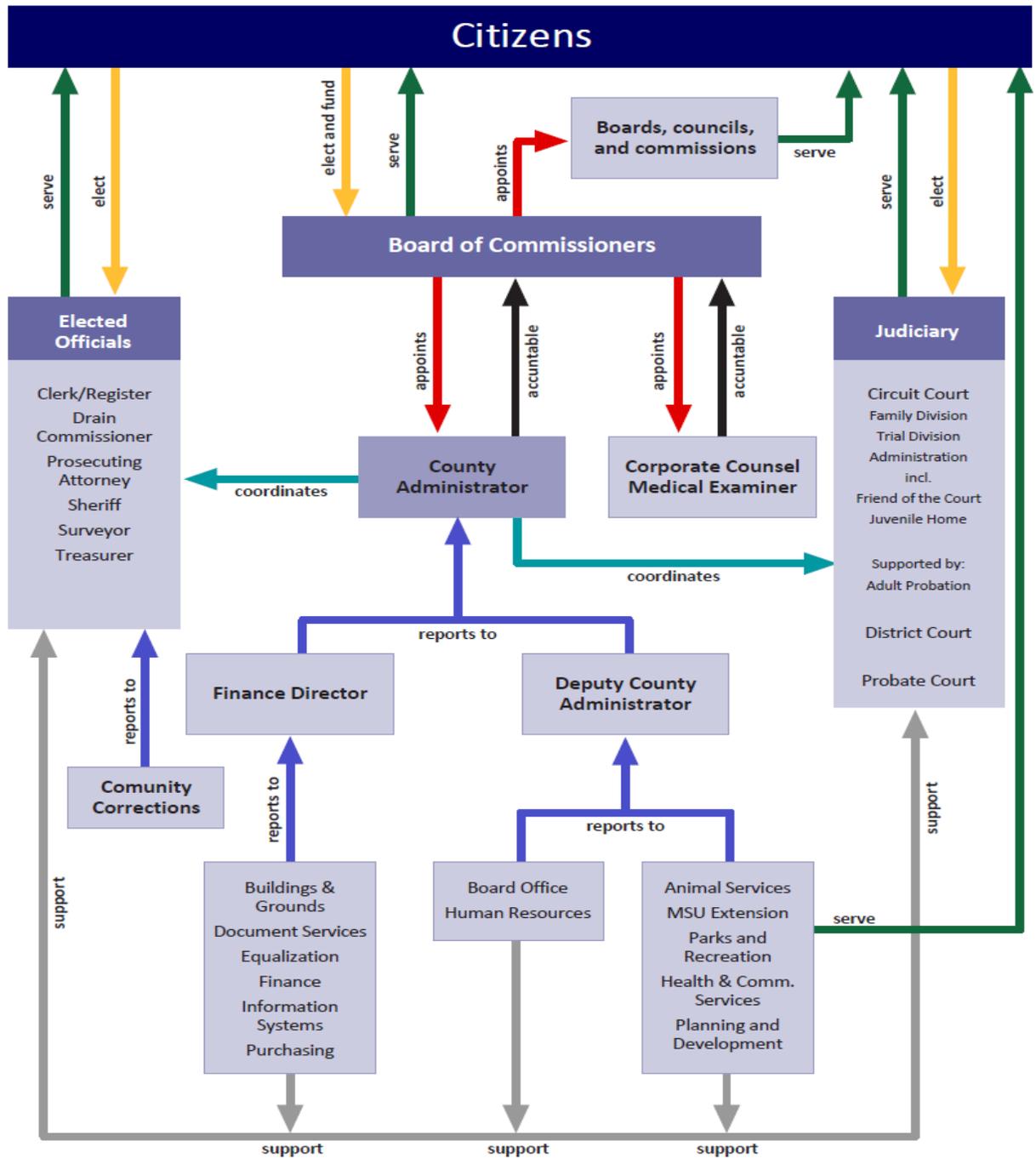
Curtis J. Bell
Patricia N. Conlon

Others

Prosecutor - Jeffrey Fink
Sheriff - Mike Anderson
Treasurer - Mary Balkema
County Clerk/Register of Deeds - Timothy Snow
Surveyor - Robert Snell
Drain Commissioner - Patrick Krause

County of Kalamazoo, Michigan

Organization Chart



County of Kalamazoo, Michigan

Certificate of Achievement

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, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director



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

Peter M. Battani, County Administrator/Controller

June 5, 2009

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, 2008. The basic financial statements included in this report have been audited by BDO Seidman, 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, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures reported in the financial statements; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the County's financial statements for the year ended December 31, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are found on Pages 149 to 152.

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

Profile of the Government

The County of Kalamazoo, Michigan, the ninth most populous county in the state of Michigan (the State), encompasses an area of approximately 576 square miles with the July 2008 census estimated population of 245,912, 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 2000 population of the County resides as follows: townships (106,447), cities (125, 966), and villages (6,190). 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 currently consists of 17 members. The County Board is responsible for establishing policies, adopting the budget, appointing committee memberships, and hiring the County administrator/controller. The administrator/controller is responsible for carrying out the policies set forth by the County Board and overseeing the day-to-day operations of the County. The County Board is elected on a partisan basis every two years from districts of approximately the same size. The other five elected officers of the County are elected on a partisan basis serving four-year terms.

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

The annual budget serves as the foundation for the County's financial planning and control. All departments of the County, except the Kalamazoo County Road Commission, are required to submit requests for appropriations to the administrator/controller. These requests form the basis for the development of a proposed budget. The administrator/controller will present to the County Board a recommended budget for consideration and deliberation. After the review is completed, a public hearing will be held at the 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 22 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 79.

Financial Condition Factors

Local Economy. The County has experienced a favorable local economic environment for a number of years. 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 positive results than the State or the 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.

Another positive element is the substantive increase in taxable value for property. The County experienced increases of \$314,758,029 (3.96%) in 2007-2008 and \$403,952,302 (5.35%) in 2006-2007.

Cash Management. Idle cash of the County was invested in time certificates of deposit, bankers' acceptances, repurchase agreements, commercial paper, and money market rate savings accounts. The County pools its idle funds as much as possible to achieve maximum investment efficiency and to enhance accountability. The treasurer utilizes state-of-the-art techniques and equipment, including electronic funds transfer and controlled disbursements, and sophisticated investment procedures to ensure maximum profitability. In accordance with the State law, the County is prohibited from collateralizing its funds.

Average investment balances remained relatively stable in 2008. Average investments approximated \$101,762,936, with a high of \$111,984,589 and a low of \$78,910,760, experienced during the year. The investment program yielded \$3,593,159 compared to \$5,128,518 in interest earnings in 2007, a 29.94% decrease.

Cash not invested in commercial paper, repurchase agreements, or certificates of deposit is placed into money market rate savings accounts. Most savings accounts exist where monies cannot be commingled and/or where the amounts are not large enough to warrant investment elsewhere. Cash needed for liquidity is kept in money market pooled funds.

Long Term Planning. The County completes ten-year projections 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. In the past four years, \$3.8 million of operating expenditures have been reduced. The Board of Commissioners are committed to ensure long-term fiscal stability of Kalamazoo County. The County has operated cautiously over the past several years making sound financial decisions.

The Budget Stabilization Policy was adopted in 1980. Currently this fund retains \$2.5 million. This represents 4% of total expenditures.

The County monitors budgetary spending throughout the year. Mid-year projections are prepared and spending goals are revised based on analysis. Future forecasting projects revenues, in the next two years, to become relatively flat. The County will continue to align expenditures to these indicators.

Capital Improvement Program. The County has designated 2.5% of general operating to capital improvement initiatives. A Capital Improvement Committee has been designated to review annual funding requests. The committee ensures that standard criteria are met before projects are considered. An analysis is completed on each qualifying item. Authorizations are granted based on the committee recommendations.

Pension and Post-Retirement Benefits. The County sponsors a multi-employer defined benefit pension plan for the majority of its employees. Each year an independent actuary calculates the percentage of payroll the County must contribute to the pension plan to ensure the fund will meet its full obligations to plan participants. As a matter of policy, the County fully funds each year's contribution as determined by the actuary. As of the actuary date of December 31, 2007, the actuarial report of the County's accrued assets exceeded its accrued liabilities by \$29,993,997. The employer normal cost for 2008 was 10.04% of payroll; however, due to the over-funding, the computed employer contribution rate was 2.36%.

The County also sponsors an agent multi-employer OPEB plan to provide health care benefits for retirees. This benefit is paid for those who retire on or after reaching 55 years of age. The County had been funding its Other Postemployment Benefits (OPEB) program on a pay-as-you-go basis. In June 2004, the Governmental Accounting Standards Board (GASB) issued its Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement establishes standards for the measurement, recognition and display of other postemployment expenses. The County established a VEBA Trust ("Trust") to administer the plan assets, and had an actuarial study prepared as of December 31, 2007, to be effective beginning January 1, 2008.

The December 31, 2007, actuarial study resulted in the determination of an employer contribution requirement of \$6,380,571 to the Trust in order to meet the Annual Required Contribution. Since the County is continually reviewing its OPEB program for sustainability, the contribution rate was set at 75% of the fixed rate determined in the most recent actuarial evaluation adjusted for plan design changes made during the year.

Risk Management. The County is covered for liability through the Michigan Municipal Risk Management Authority. The coverage includes loss protection for general and automobile liability, motor vehicle physical damage, and property.

The County is self-funded for workers' compensation coverage, covering employees of the primary government. The program is administered by a service provider furnishing safety inspections, reinsurance, claims review, and claims processing. The County has obtained specific excess workers' compensation reinsurance policies, indemnifying the County for each loss in excess of \$350,000. All funds are charged a percentage of payroll for workers' compensation costs and, when paid, are deposited into the Employee Benefits Internal Service Fund as operating revenue.

The County is also self-funded for health insurance for its employees not belonging to the Fraternal Order of Police (FOP) or Sheriff's Command Staff. Commercial insurance is purchased for risks of loss for FOP and Sheriff's Command Staff. Retiree health insurance coverage is purchased from Blue Cross Blue Shield of Michigan. An administrative agent monitors claims and ensures that only those meeting the member's policies are paid. "Stop-Loss" insurance has been obtained, through payments of monthly premiums, to cover the cost of individual claims in excess of \$100,000.

The Kalamazoo County Road Commission participates in the Michigan County Road Commission Self Insurance Pool for its liability insurance. The Self Insurance Pool has entered into reinsurance agreements providing for loss coverage in excess of amounts retained by the Self Insurance Fund.

The Kalamazoo Community Mental Health and Substance Abuse Services is covered for liability through the Michigan Municipal Risk Management State Pool. The coverage includes loss protection for general liability, property, and crime. The Kalamazoo Community Mental Health and Substance Abuse Services, purchases commercial insurance for risks of loss arising from employee health, medical, and workers' compensation claims.

In all areas of insurance, the County is adequately funded and/or protected for losses/injuries.

Awards and Acknowledgements

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Kalamazoo, Michigan, for its comprehensive annual financial report for the fiscal year ended 2007. This was the tenth 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 all involved, especially the entire staff of the Finance Department.

We want to thank members of the Kalamazoo County Board of Commissioners for your interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



Peter M. Battani
County Administrator/Controller



Tracie L. Moored
Director, Finance and Administrative Services



Financial Section



BDO Seidman, LLP
Accountants and Consultants

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Kalamazoo, Michigan 49007
Telephone: 269-382-0170
Fax: 269-345-1666

Independent Auditors' Report

Board of Commissioners
County of Kalamazoo, Michigan
Kalamazoo, Michigan

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, 2008 (September 30, 2008, for certain component units), which collectively comprise the County's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Kalamazoo County Road Commission or the Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS), which represents 97% of the total assets of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for the Kalamazoo County Road Commission and KCMHSAS, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the report of other auditors, the basic 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, 2008 (September 30, 2008, for certain component units), and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the Law Enforcement Fund, and the Revenue Sharing Reserve Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Board of Commissioners
County of Kalamazoo, Michigan

As described in Note 7 to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*, as of January 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2009, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on Pages 8 through 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, supplementary information listed in the table of contents as well as the accompanying schedule of expenditures of federal awards, as required by *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, as well as the Supplemental Schedule of Expenditures by Service are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for the introductory section and portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BDO Seidman, LLP

Certified Public Accountants

June 5, 2009

County of Kalamazoo, Michigan

Management's 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, 2008. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which may be found on Pages 1 to 5 of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$141,278,952 (net assets). Of this amount, \$64,443,692 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$6,755,997.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$66,650,946, a decrease of \$12,280,501 in comparison with the prior year. Approximately 69% of this total amount, \$46,145,995 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$18,705,734 (38%) of the total General Fund expenditures.
- The County's total long-term obligations decreased by \$1,814,597 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 Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, 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 and the Delinquent Tax Revolving Fund.

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, Local Housing Assistance, and a separate authority known as 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 20 and 21 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 fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

The County presents 48 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, Revenue Sharing Reserve Fund, and the Juvenile Home Building Project Fund, all of which are considered to be major funds. Data from the other forty-four 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 22 to 25 of this report.

Proprietary Funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Airport Fund and the Delinquent Tax Revolving 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 and the Delinquent Tax Revolving Fund, both 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 38 to 70 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 Page 71.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$141,278,952 at the close of the most recent fiscal year.

A substantial portion of the County's net assets (40%) 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 that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

County of Kalamazoo, Michigan - Net Assets

<i>December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Assets:						
Current and other assets	\$ 128,501,953	\$ 135,797,967	\$ 34,917,639	\$ 26,370,948	\$ 163,419,592	\$ 162,168,915
Capital assets, net of accumulated depreciation	30,321,578	15,539,697	27,510,260	33,460,508	57,831,838	49,000,205
Total Assets	\$ 158,823,531	\$ 151,337,664	\$ 62,427,899	\$ 59,831,456	\$ 221,251,430	\$ 211,169,120
Liabilities:						
Long-term liabilities outstanding	\$ 42,343,691	\$ 43,909,579	\$ 8,900,000	\$ 9,100,000	\$ 51,243,691	\$ 53,009,579
Other liabilities	28,259,059	23,351,853	469,728	284,733	28,728,787	23,636,586
Total Liabilities	70,602,750	67,261,432	9,369,728	9,384,733	79,972,478	76,646,165
Net Assets:						
Invested in capital assets, net of related debt	31,973,057	14,798,453	23,914,326	24,479,312	55,887,383	39,277,765
Restricted	20,947,877	24,863,148	-	-	20,947,877	24,863,148
Unrestricted	35,299,847	44,414,631	29,143,845	25,967,411	64,443,692	70,382,042
Total Net Assets	88,220,781	84,076,232	53,058,171	50,446,723	141,278,952	134,522,955
Total Liabilities and Net Assets	\$ 158,823,531	\$ 151,337,664	\$ 62,427,899	\$ 59,831,456	\$ 221,251,430	\$ 211,169,120

There was a decrease of \$3,415,271 in restricted net assets reported in connection with the County's governmental activities. All of this decrease was the result of the use of revenue sharing reserves for County operations. These funds are mandated by the state of Michigan whereby counties are provided with the amount allowed for use in county operations.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

There are no restricted net assets reported in connection with the County's business-type activities.

No portion of the County's net assets represent resources that are subject to external restrictions on how they may be used except for the Revenue Sharing Reserve Fund established during 2004 under Public Act 357 and federal and state grants. The County may use the remaining balance of unrestricted net assets of \$64,443,692 (53%) 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 assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

County of Kalamazoo, Michigan - Changes in Net Assets

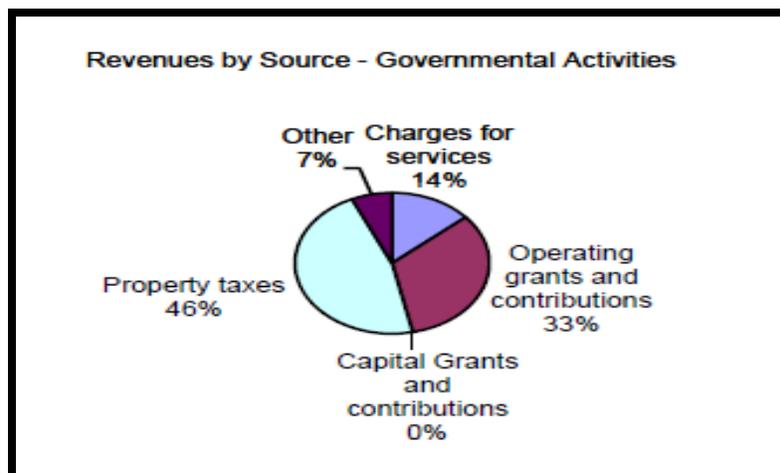
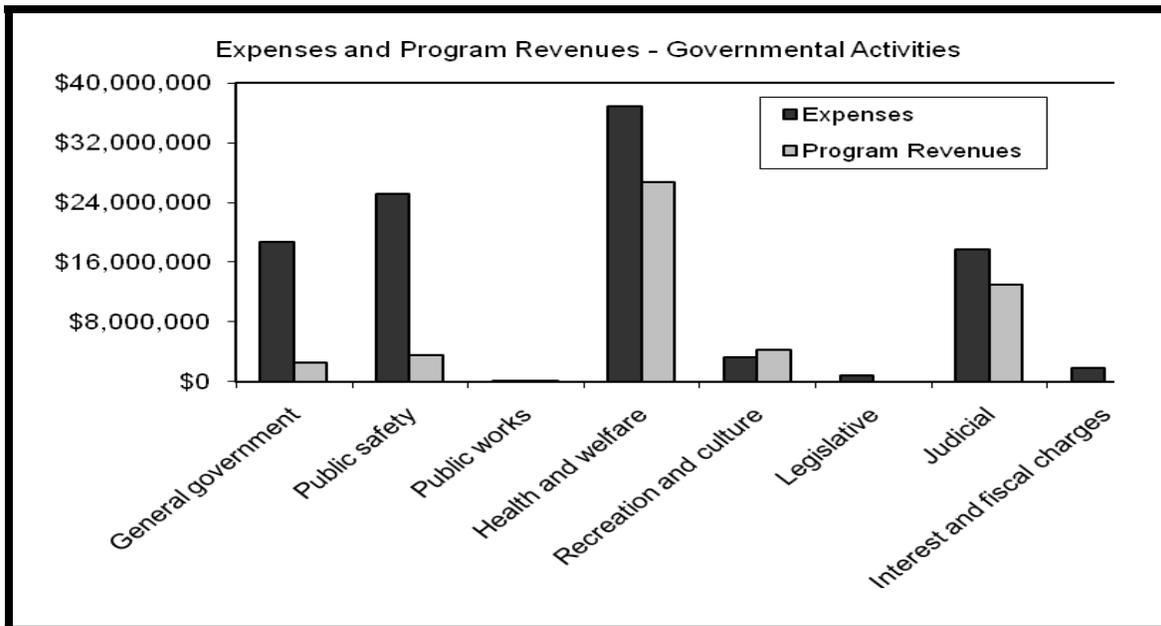
<i>Year Ended December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Revenues:						
Program revenues:						
Charges for services	\$ 14,697,010	\$ 14,954,545	\$ 5,964,973	\$ 6,273,925	\$ 20,661,983	\$ 21,228,470
Operating grants and contributions	35,507,963	36,139,185	197,926	(28,892)	35,705,889	36,110,293
Capital grants and contributions	-	352,556	2,879,337	3,471,510	2,879,337	3,824,066
General revenues:						
Property taxes	50,142,756	48,399,937	-	-	50,142,756	48,399,937
Other	4,217,596	2,851,608	1,823	3,550	4,219,419	2,855,158
Unrestricted investment earnings	3,080,203	3,460,386	588,058	1,172,814	3,668,261	4,633,200
Total Revenues	107,645,528	106,158,217	9,632,117	10,892,907	117,277,645	117,051,124
Expenses:						
General government	18,716,502	17,195,129	-	-	18,716,502	17,195,129
Public safety	25,185,011	25,519,348	-	-	25,185,011	25,519,348
Public works	166,934	299,344	-	-	166,934	299,344
Health and welfare	36,838,395	36,180,122	-	-	36,838,395	36,180,122
Recreation and culture	3,268,444	3,232,282	-	-	3,268,444	3,232,282
Legislative	862,396	897,634	-	-	862,396	897,634
Judicial	17,665,498	17,774,174	-	-	17,665,498	17,774,174
Interest and fiscal charges	1,797,799	656,948	-	-	1,797,799	656,948
Delinquent tax operations	-	-	800	6,690	800	6,690
Airport operations	-	-	6,019,869	5,759,066	6,019,869	5,759,066
Total Expenses	104,500,979	101,754,981	6,020,669	5,765,756	110,521,648	107,520,737
Increase (Decrease) in Net Assets Before Transfers	3,144,549	4,403,236	3,611,448	5,127,151	6,755,997	9,530,387
Transfers In (Out)	1,000,000	975,000	(1,000,000)	(975,000)	-	-
Change in Net Assets	4,144,549	5,378,236	2,611,448	4,152,151	6,755,997	9,530,387
Net Assets, beginning of year	84,076,232	78,697,996	50,446,723	46,294,572	134,522,955	124,992,568
Net Assets, end of year	\$ 88,220,781	\$ 84,076,232	\$ 53,058,171	\$ 50,446,723	\$ 141,278,952	\$ 134,522,955

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

The County's net assets increased by \$6,755,997 during the current fiscal year. This change is a combination of an increase due to the continuation of a major construction project and an increase due to the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. In addition, a portion of this change is attributable to a one-time infusion of resources from capital grants for new airport construction.

Governmental Activities. Governmental activities increased the County's net assets by \$4,144,549. The progression of the Juvenile Home construction project accounts for an increase in the amount of \$15,033,867. A key element (51%) of the increase in net assets is the increase in property tax collections due to an increase in property values in the amount of 3.96%. The remaining increase is due to the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.



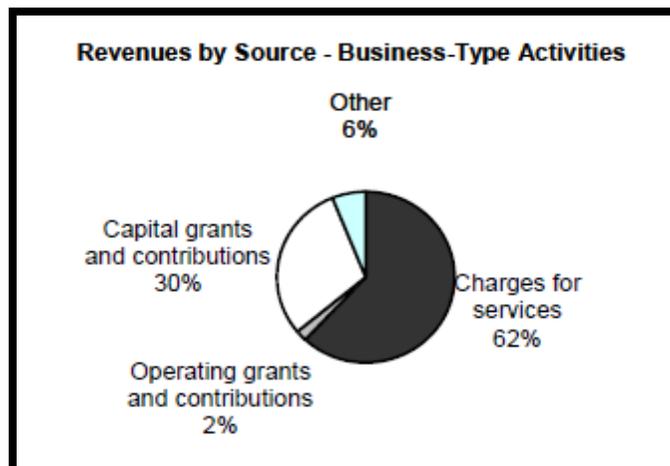
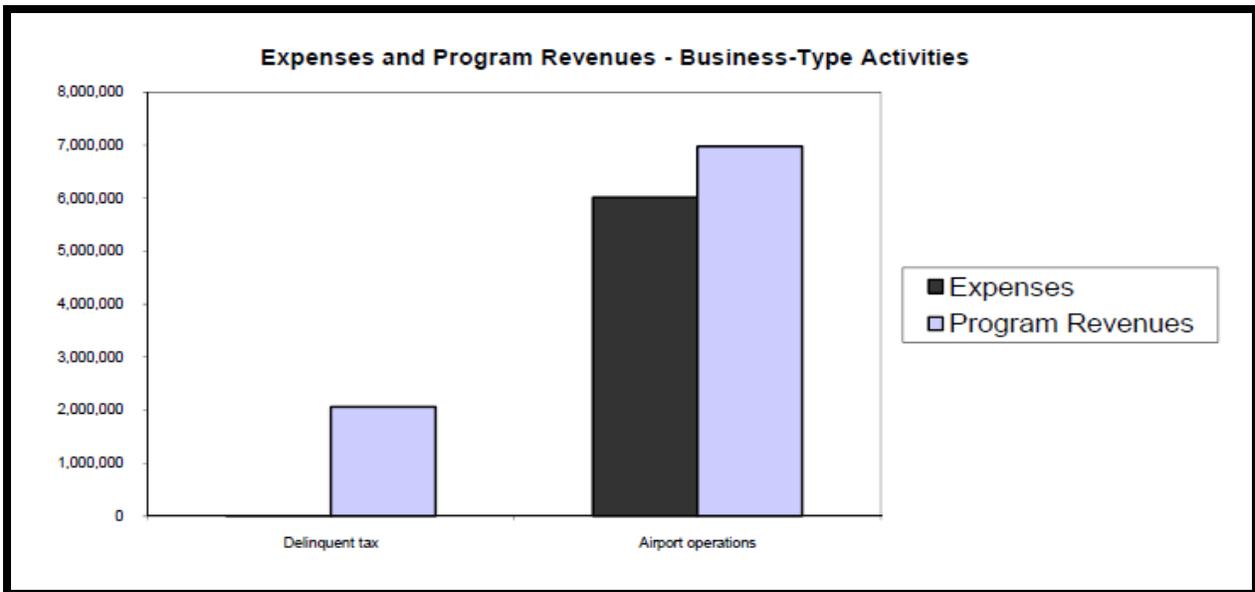
County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

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

Business-Type Activities. Business-type activities increased the County's net assets by \$2,611,448. The key element of this increase consists of the following:

- The Airport operations represent 51.9% of the increase in net assets. This is due to a one-time infusion of resources from capital grants received for new airport construction.
- The Delinquent Tax Revolving Fund represents 48.1% of the increase. This is a result of an increase in collection of delinquent taxes, collections of penalties, interest, and collection fees, as well as a decrease in associated expenses.



County of Kalamazoo, Michigan

Management's 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$66,650,946, a decrease of \$12,280,501 in comparison with the prior year. Sixty-nine percent of this total amount (\$46,145,995) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is invested in capital assets, capital projects, and special revenue grants, and is not available for new spending.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$18,705,734, while total fund balance amounted to \$24,965,707. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 30% of total General Fund expenditures and transfers out, while total fund balance represents 41% of that same amount.

The fund balance of the County's General Fund increased by \$3,582,245 during the current fiscal year. Key factors in this change consists of the following:

- Property tax revenues increased by \$2,588,497 (7%) as a result of increased property values and the change in collection dates.
- Lower than anticipated personnel costs that would have required the use of budgeted reserves in the amount of \$762,900.

The Law Enforcement Fund accounts for specific revenue derived from a 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. At the end of the current fiscal year, unreserved undesignated fund balance of the Law Enforcement Fund was \$1,130,004, while total fund balance amounted to \$1,467,068.

The fund balance of the County's Law Enforcement Fund decreased by \$88,446 during the current fiscal year. A key factor in this change was due to anticipated one-time capital expenditures that required the use of budgeted reserves.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

The State Revenue Sharing Fund had a total fund balance of \$13,876,233. This fund mandated by the state of Michigan accounts for accelerated property tax collections pursuant to a change in legislation. Beginning in 2005, and for the next two years hence, the legislation provided for the County's general operating tax levy to be moved from the winter (December 1) to the summer (July 1) billing in one-third increments. In 2007, the County billed its entire general operating tax levy in July. These accelerated property tax collections were deposited into this fund and are intended to provide cash flow to replace state revenue sharing payments that have been temporarily suspended. In 2008, the County was able to draw \$4,958,751 from this fund as allowed by the state of Michigan. No further property tax revenues will be deposited to this fund and the County will draw on these funds until the fund balance is depleted.

The Juvenile Home Building Project Fund was established to account for the construction of a new Juvenile Home to be funded by a voter-approved millage. The County sold unlimited tax general obligation bonds in the amount of \$28,320,000 on October 31, 2007. This is a multi-year project with an expected completion date of May, 2009. As of the end of the current fiscal year, the ending fund balance totaled \$10,047,753, a decrease of \$15,033,867 in comparison with the prior fiscal year.

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 assets of the Airport Fund at the end of the year amounted to \$13,552,961 and those for the Delinquent Tax Revolving Fund amounted to \$15,446,037. The Airport Fund had a total increase in net assets of \$1,307,125 while the Delinquent Tax Revolving Fund experienced an increase in net assets of \$1,256,609. Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for expenditures were \$6,086,200 or a 12.2% increase in appropriations and are briefly summarized as follows:

- \$3,374,600 increases in capital outlay.
- \$1,107,800 increase in Health and Welfare appropriation for substance abuse services and local public housing assistance.
- \$839,200 increase in contingency to budget for a change in State funding not approved by legislation when the County's original budget was adopted.
- \$350,000 for area economic development initiatives.

The increase of \$6,086,200 was to be funded using fund balance and increases in various revenue accounts.

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

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

Revenues:

Taxes - Non-departmental property taxes - \$1,299,282. The favorable budget variance was due to a combination of the following four factors: underestimating the increased revenue from shifting the tax levy/collection date from December 1 to July 1; underestimating the collection of delinquent personal property taxes; overestimating the provision for uncollectible taxes; and overestimating the provision for refunds due to appeals.

Charges for Services - \$106,153. This revenue overage resulted from higher than anticipated prisoner care reimbursements due to increased inmate population and higher than anticipated collections for district court fees and costs due to an increase number of cases.

Fines and forfeitures - (\$197,392). This revenue shortfall is the result of a decrease in collections of ordinance fines.

Other - \$422,159. This revenue overage resulted from higher collection of indirect costs from grant programs due to ability of funding and an increase of commissary revenues due to increase in inmate population.

Expenditures:

General Government - \$158,804. This activity was under budget as a result of lower than anticipated election expenses and efficiencies in building operations resulting in lower operational costs.

Public Safety - \$589,500. This activity was under budget primarily due to contract changes and improved efficiencies in the Sheriff's Department that resulted in lower than anticipated inmate hospitalization and housing costs as well as administrative operational savings.

Health and Welfare - \$132,847. This activity was under budget due to lower than anticipated expenditures for local public housing due to unmet matching requirements.

Other - \$3,171,291. This activity was under budget due to the following:

- Contingencies - \$1,239,700. No events occurred to necessitate contingency expenditures.
- Insurance and Surety Bonds - \$732,227. This account was under budget due to lower than anticipated costs based on plan experience with our insurance pool due to an unexpected distribution of net assets from the pool.
- Reserves - \$334,900. This funding was set aside to allow for the possibility to address critical needs which may be identified during the current budget period. No events occurred to necessitate expenditures.
- DD/MI/Other Personnel Costs - \$790,300. The account was under budget because the budget contains reserves for salary and fringe benefit costs that were not needed in 2008.

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Continued)

Capital Outlay - \$2,056,636. This favorable budget variance was primarily due to the timing in the completion of the capital projects.

Transfers Out - \$765,456

- Health Fund - \$313,140. The account was under budget due to a combination of underutilization of operating budgets because of decreased service needs and higher than anticipated collection of fees.
- Child Care Probate Fund - \$370,390. This favorable budget variance was due to a combination of an unexpected increase in State funding and underutilization of operating budgets.

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, 2008, amounts to approximately \$64,583,000 (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 32% (an increase of 106% for governmental activities and a 2.5% decrease for business-type activities).

Major capital asset events during the current fiscal year included improvements made at the airport at a cost of \$4,673,000.

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>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Land	\$ 1,648	\$ 1,648	\$ 3,868	\$ 3,868	\$ 5,516	\$ 5,516
Construction in progress	18,823	3,070	1,236	6,357	20,059	9,427
Land improvements	2,627	2,816	23,973	19,300	26,600	22,116
Buildings	4,976	4,857	2,075	2,249	7,051	7,106
Machinery and equipment	2,537	1,932	1,462	1,687	3,999	3,619
Motor vehicles	1,358	1,179	-	-	1,358	1,179
Total	\$ 31,969	\$ 15,502	\$ 32,614	\$ 33,461	\$ 64,583	\$ 48,963

Additional information on the County's capital assets are found in Note 5 on Pages 55 to 57 of this report.

Long-Term Obligations. At the end of the current fiscal year, the County had total long-term obligations outstanding of \$51,191,270. The total obligation does not include \$418,295 in a mortgage payable owed by the Kalamazoo Community Mental Health and Substance Abuse Services for which the County is not responsible. The remainder of the County obligations represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

County of Kalamazoo, Michigan

Management's Discussion and Analysis (Concluded)

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>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Primary Government:						
Compensated absences	\$ 3,293	\$ 3,191	\$ -	\$ -	\$ 3,293	\$ 3,191
Revenue bonds	39,050	40,719	8,900	9,100	47,950	49,819
Total	\$ 42,343	\$ 43,910	\$ 8,900	\$ 9,100	\$ 51,243	\$ 53,010

The County's total obligation decreased by \$1,818,309 or 3.4% during the current fiscal year. The net decrease was attributed to making debt service payments as they came due.

The County maintains an "AA" rating from Standard & Poor's "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 \$935,784,086, 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 57 to 60.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the County is currently 8.0%, which is an increase in the rate from a year ago. This compares favorably to the State's average unemployment rate of 12.9% and the national average rate of 8.9%.
- Inflationary trends in the region compare favorably to national indices.
- Property values are expected to increase by 1.29% in 2009.

These factors were considered in preparing and monitoring the County's budget for the 2009 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$18,705,734. The County has appropriated \$221,400 of this amount for spending in the 2009 fiscal year budget. This would allow the County to adopt a balanced budget and eliminates the need to raise taxes or charges above the current recommended levels during the 2009 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

Government-Wide Financial Statements



<i>December 31, 2008</i>	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business- Type Activities</i>	<i>Total</i>	
Assets:				
Cash (Note 3)	\$ 21,425,838	\$ 1,431,334	\$ 22,857,172	\$ 15,061,568
Investments (Note 3)	72,348,024	12,817,937	85,165,961	13,844,748
Receivables:				
Accounts	3,116,376	612,885	3,729,261	1,307,068
Taxes, current	13,418,183	-	13,418,183	-
Taxes, delinquent	178,837	6,993,702	7,172,539	-
Interest	624,150	1,037,766	1,661,916	-
Unlevied assessments	19,648	-	19,648	-
Intergovernmental	14,828,065	124,217	14,952,282	3,720,546
Inventories	145,341	10,071	155,412	679,362
Prepaid expenses	423,437	30,890	454,327	858,256
Bond discount	174,549	55,519	230,068	-
Bond issuance costs	151,738	57,443	209,181	-
Other assets	-	-	-	336,138
Restricted assets:				
Cash (Note 3)	-	3,879,642	3,879,642	-
Investments (Note 3)	-	2,708,419	2,708,419	-
Receivables	-	53,748	53,748	-
Land (Note 5)	1,647,767	3,868,097	5,515,864	16,888,800
Construction in progress (Note 5)	18,822,878	1,235,969	20,058,847	1,503,465
Capital assets, net of accumulated depreciation (Note 5)	11,498,700	27,510,260	39,008,960	98,999,713
Total Assets	\$ 158,823,531	\$62,427,899	\$ 221,251,430	\$ 153,199,664

County of Kalamazoo, Michigan

Government-Wide Financial Statements Statement of Net Assets

<i>December 31, 2008</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	\$ 14,984,712	\$ 11,386	\$ 14,996,098	\$ -
Accounts payable	2,659,888	293,654	2,953,542	7,466,970
Accrued liabilities	1,607,541	105,438	1,712,979	999,665
Interest payable	388,176	59,250	447,426	-
Intergovernmental payable	1,910,119	-	1,910,119	1,163,357
Liability for estimated claims	930,281	-	930,281	-
Other payables	177,199	-	177,199	7,789
Unearned revenue	3,286,599	-	3,286,599	4,953,446
Net OPEB obligation (Note 7)	2,314,544	-	2,314,544	-
Noncurrent liabilities (Note 6):				
Due within one year	3,202,698	200,000	3,402,698	721,103
Due in more than one year	39,140,993	8,700,000	47,840,993	353,024
Total Liabilities	70,602,750	9,369,728	79,972,478	15,665,354
Net Assets:				
Invested in capital assets, net of related debt	31,973,057	23,914,326	55,887,383	116,973,683
Restricted:				
Revenue sharing reserve	13,876,233	-	13,876,233	-
Primary roads	-	-	-	3,185,010
KCMHSAS	-	-	-	5,917,252
Special Revenue grants	7,071,644	-	7,071,644	-
Unrestricted	35,299,847	29,143,845	64,443,692	11,458,365
Total Net Assets	88,220,781	53,058,171	141,278,952	137,534,310
Total Liabilities and Net Assets	\$ 158,823,531	\$62,427,899	\$ 221,251,430	\$ 153,199,664

See accompanying notes to basic financial statements.

<i>Year Ended December 31, 2008</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	\$ 18,716,502	\$ 2,252,045	\$ 284,284	\$ -
Public safety	25,185,011	1,947,155	1,660,903	-
Public works	166,934	-	117,541	-
Health and welfare	36,838,395	2,175,576	24,561,585	-
Recreation and culture	3,268,444	2,669,459	1,602,217	-
Legislative	862,396	-	-	-
Judicial	17,665,498	5,652,775	7,281,433	-
Interest and fiscal charges	1,797,799	-	-	-
Total governmental activities	104,500,979	14,697,010	35,507,963	-
Business-type activities:				
Delinquent tax	800	2,062,382	-	-
Airport operations	6,019,869	3,902,591	197,926	2,879,337
Total business-type activities	6,020,669	5,964,973	197,926	2,879,337
Total Primary Government	\$110,521,648	\$ 20,661,983	\$ 35,705,889	\$ 2,879,337
Component Units:				
Road Commission	\$ 17,819,557	\$ 133,018	\$ 12,733,736	\$ 10,040,650
Kalamazoo Community Mental Health and Substance Abuse Services	102,593,065	2,319,960	99,365,340	-
Other	3,898,622	213,567	1,400,962	-
Total Component Units	\$124,311,244	\$ 2,666,545	\$ 113,500,038	\$ 10,040,650
General Revenues:				
Property taxes levied for operating				
Local unit contract revenue				
Other				
Unrestricted investment earnings				
Total General Revenues				
Transfers In (Out)				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets, beginning of year				
Net Assets, end of year				

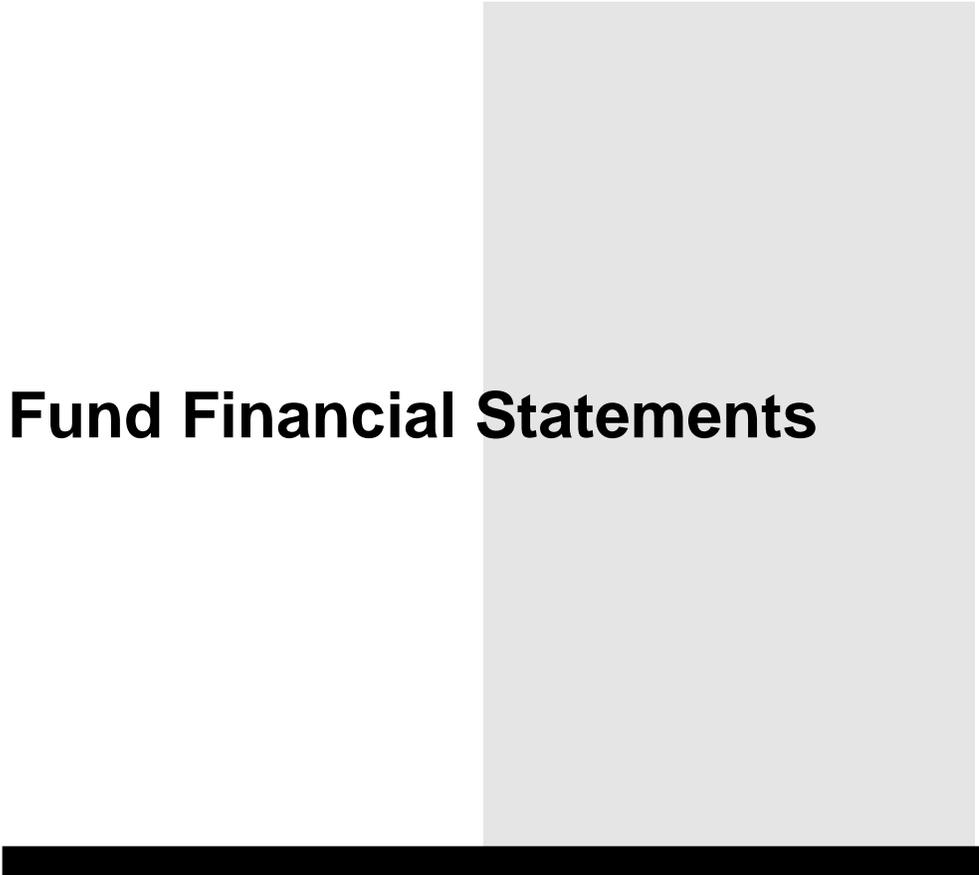
County of Kalamazoo, Michigan

Government-Wide Financial Statements Statement of Activities

<i>Net Revenue (Expense) and Changes in Net Assets</i>			
<i>Primary Government</i>			
<i>Governmental Activities</i>	<i>Business- Type Activities</i>	<i>Total</i>	<i>Component Units</i>
\$ (16,180,173)	\$ -	\$ (16,180,173)	\$ -
(21,576,953)	-	(21,576,953)	-
(49,393)	-	(49,393)	-
(10,101,234)	-	(10,101,234)	-
1,003,232	-	1,003,232	-
(862,396)	-	(862,396)	-
(4,731,290)	-	(4,731,290)	-
(1,797,799)	-	(1,797,799)	-
(54,296,006)	-	(54,296,006)	-
-	2,061,582	2,061,582	-
-	959,985	959,985	-
-	3,021,567	3,021,567	-
(54,296,006)	3,021,567	(51,274,439)	-
-	-	-	5,087,847
-	-	-	(907,765)
-	-	-	(2,284,093)
-	-	-	1,895,989
50,142,756	-	50,142,756	-
1,696,138	-	1,696,138	-
2,521,458	1,823	2,523,281	6,220,407
3,080,203	588,058	3,668,261	610,526
57,440,555	589,881	58,030,436	6,830,933
1,000,000	(1,000,000)	-	261,641
58,440,555	(410,119)	58,030,436	7,092,574
4,144,549	2,611,448	6,755,997	8,988,563
84,076,232	50,446,723	134,522,955	128,545,747
\$ 88,220,781	\$ 53,058,171	\$ 141,278,952	\$ 137,534,310

See accompanying notes to basic financial statements.

Fund Financial Statements



<i>December 31, 2008</i>	<u>Special Revenue</u>					<i>Total Governmental Funds</i>
	<i>General</i>	<i>Law Enforcement</i>	<i>Revenue Sharing Reserve</i>	<i>Juvenile Home Building Project</i>	<i>Other Governmental Funds</i>	
Assets:						
Cash (Note 3)	\$ 16,249	\$ 1,730,245	\$ 42,153	\$ 3,613,201	\$ 8,716,253	\$ 14,118,101
Investments (Note 3)	37,233,370	1,200,000	13,547,260	7,501,818	9,365,576	68,848,024
Receivables:						
Accounts	705,676	37,122	-	-	2,314,378	3,057,176
Taxes, current	2,642,743	10,775,440	-	-	-	13,418,183
Taxes, delinquent	138,267	40,570	-	-	-	178,837
Interest	202,969	875	286,820	72,412	1,549	564,625
Unlevied assessments	-	-	-	-	19,648	19,648
Due from other government units	943,797	-	-	-	3,319,599	4,263,396
Prepaid expenditures	213,594	-	-	-	-	213,594
Inventories	29,799	-	-	-	-	29,799
Advances from other funds (Note 4)	15,052	-	-	-	-	15,052
Other	-	-	-	-	141,127	141,127
Total Assets	\$ 42,141,516	\$ 13,784,252	\$ 13,876,233	\$ 11,187,431	\$ 23,878,130	\$ 104,867,562

County of Kalamazoo, Michigan

Governmental Funds Balance Sheet

<i>December 31, 2008</i>	<i>Special Revenue</i>					<i>Total Governmental Funds</i>
	<i>General</i>	<i>Law Enforcement</i>	<i>Revenue Sharing Reserve</i>	<i>Juvenile Home Building Project</i>	<i>Other Governmental Funds</i>	
Liabilities and Fund Balance:						
Liabilities:						
Checks issued against						
future deposits	\$ 13,079,165	\$ -	\$ -	\$ -	\$ 1,905,547	\$ 14,984,712
Accounts payable	73,156	24,678	-	1,139,678	885,330	2,122,842
Accrued liabilities	625,083	133,029	-	-	483,268	1,241,380
Liability for estimated claims	102,495	-	-	-	-	102,495
Due to other						
governmental units	901,971	-	-	-	1,008,148	1,910,119
Other payables	40,555	81,822	-	-	-	122,377
Advances to						
other funds (Note 4)	-	-	-	-	15,052	15,052
Deferred revenue	2,353,384	12,077,655	-	-	3,286,600	17,717,639
Total Liabilities	17,175,809	12,317,184	-	1,139,678	7,583,945	38,216,616
Fund Balance:						
Reserved:						
Revenue Sharing						
Reserve Fund	-	-	13,876,233	-	-	13,876,233
Encumbrances	99,516	31,777	-	-	31,681	162,974
Prepaid expenditures/ inventories	243,393	-	-	-	-	243,393
Unreserved -						
Designated for						
future expenditures	5,917,064	305,287	-	-	-	6,222,351
Unreserved, reported in:						
General Fund	18,705,734	-	-	-	-	18,705,734
Special Revenue Funds	-	1,130,004	-	-	5,941,640	7,071,644
Debt Service Funds	-	-	-	-	475,127	475,127
Capital Projects Funds	-	-	-	10,047,753	9,845,737	19,893,490
Total Fund Balance	24,965,707	1,467,068	13,876,233	10,047,753	16,294,185	66,650,946
Total Liabilities and Fund Balance	\$ 42,141,516	\$ 13,784,252	\$ 13,876,233	\$ 11,187,431	\$ 23,878,130	\$ 104,867,562

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

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

<i>December 31, 2008</i>	<i>Amount</i>
Total Fund Balance - Total governmental funds (from Page 22)	\$ 66,650,946
Amounts Reported for Governmental Activities in the Statement of Net Assets 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	59,344,431
Accumulated depreciation	(27,818,296)
Net capital assets	31,526,135
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. These assets consist of:	
Deferred taxes	14,431,040
Intergovernmental receivable	10,564,673
Bond discount	174,549
Bond issuance costs	151,738
Internal Service Funds are used by management to charge the costs of certain activities such as Employee Benefits, Information Systems, Central Stores, and Technology Systems to individual funds. These assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	9,768,111
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, 2008, were:	
Bonds payable	(38,997,868)
Net OPEB obligation	(2,314,544)
Compensated absences	(3,293,402)
Bond premium	(52,421)
Accrued interest on bonds	(388,176)
Net Assets of Governmental Activities	\$ 88,220,781

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

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

<i>Year Ended</i> December 31, 2008	<u>Special Revenue</u>					<i>Total</i> Governmental Funds
	<i>General</i>	<i>Law</i> <i>Enforcement</i>	<i>Revenue</i> <i>Sharing</i> <i>Reserve</i>	<i>Juvenile</i> <i>Home</i> <i>Building</i> <i>Project</i>	<i>Other</i> <i>Governmental</i> <i>Funds</i>	
Revenues:						
Taxes	\$ 38,781,282	\$ 11,346,358	\$ -	\$ -	\$ 1,999,850	\$ 52,127,490
Licenses and permits	516,138	-	-	-	387,755	903,893
Intergovernmental	7,561,154	-	-	-	30,511,883	38,073,037
Charges for services	6,558,453	-	-	-	2,952,322	9,510,775
Fines and forfeitures	2,376,408	107,875	-	-	-	2,484,283
Interest	1,461,871	115,590	516,442	719,206	267,094	3,080,203
Other	1,841,559	-	-	-	670,540	2,512,099
Donations and contributions	18,549	-	-	-	693,504	712,053
Total Revenues	59,115,414	11,569,823	516,442	719,206	37,482,948	109,403,833
Expenditures:						
Current:						
General government	10,699,796	1,778,897	-	-	-	12,478,693
Public safety	15,641,800	7,953,266	-	-	1,453,446	25,048,512
Public works	-	-	-	-	166,941	166,941
Health and welfare	4,713,953	-	-	-	31,922,883	36,636,836
Recreation and culture	289,719	-	-	-	2,736,495	3,026,214
Legislative	862,396	-	-	-	-	862,396
Judicial	11,642,980	1,377,262	-	-	4,404,286	17,424,528
Other	3,101,309	-	-	-	627,438	3,728,747
Debt service:						
Principal	367,821	-	-	-	1,781,000	2,148,821
Interest and other charges	17,374	-	-	-	1,598,142	1,615,516
Capital outlay	2,284,064	314,256	-	15,753,073	751,597	19,102,990
Total Expenditures	49,621,212	11,423,681	-	15,753,073	45,442,228	122,240,194
Excess (Deficiency) of Revenues Over Expenditures	9,494,202	146,142	516,442	(15,033,867)	(7,959,280)	(12,836,361)

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance (Concluded)

<i>Year Ended</i>	<u><i>Special Revenue</i></u>					<i>Total</i>
<i>December 31, 2008</i>	<i>General</i>	<i>Law Enforcement</i>	<i>Revenue Sharing Reserve</i>	<i>Juvenile Home Building Project</i>	<i>Other Governmental Funds</i>	<i>Governmental Funds</i>
Other Financing						
Sources (Uses):						
Transfers in	\$ 6,000,842	\$ -	\$ -	\$ -	\$ 11,606,827	\$ 17,607,669
Transfers out	(11,925,344)	(234,588)	(4,958,751)	-	(344,572)	(17,463,255)
Issuance of notes	12,545	-	-	-	-	12,545
Issuance of bonds	-	-	-	-	415,000	415,000
Bond issuance costs	-	-	-	-	(16,099)	(16,099)
Total Other Financing Sources (Uses)	(5,911,957)	(234,588)	(4,958,751)	-	11,661,156	555,860
Net Change in Fund Balance	3,582,245	(88,446)	(4,442,309)	(15,033,867)	3,701,876	(12,280,501)
Fund Balance, beginning of year	21,383,462	1,555,514	18,318,542	25,081,620	12,592,309	78,931,447
Fund Balance, end of year	\$ 24,965,707	\$ 1,467,068	\$ 13,876,233	\$ 10,047,753	\$ 16,294,185	\$ 66,650,946

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Amount</i>
Net Change in Fund Balance - Total governmental funds (from Page 25)	\$(12,280,501)
Amounts Reported for Governmental Activities in the Statement of Net Assets 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 (\$18,166,550) depreciation (\$1,590,454) in the current period.	16,576,096
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred taxes	15,117
Intergovernmental receivable	(1,782,781)
Bond proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Issuance of debt	(427,545)
Bond issuance costs	16,099
Repayments	2,148,821
Bond premium amortization	8,737
Bond discount amortization	(7,589)
Bond issuance cost amortization	(7,577)
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	(175,854)
Compensated absences	(102,967)
Loss on disposal of asset	(88,432)
Net OPEB obligation	(2,314,544)
Internal Service Funds are used by management to charge the costs of certain activities, such as Employee Benefits, Information Systems, Central Stores, and Technology Systems to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.	2,567,469
Change in Net Assets of Governmental Activities	\$ 4,144,549

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Taxes	\$ 36,596,000	\$ 37,482,000	\$ 38,781,282	\$ 1,299,282
Licenses and permits	383,500	517,000	516,138	(862)
Intergovernmental	6,428,800	7,521,200	7,561,154	39,954
Charges for services	6,674,100	6,452,300	6,558,453	106,153
Fines and forfeitures	2,713,500	2,573,800	2,376,408	(197,392)
Interest	2,276,500	1,506,500	1,461,871	(44,629)
Other	1,627,100	1,419,400	1,841,559	422,159
Donations and contributions	5,500	5,500	18,549	13,049
Total Revenues	56,705,000	57,477,700	59,115,414	1,637,714
Expenditures:				
Current:				
General government	10,312,600	10,858,600	10,699,796	158,804
Public safety	15,835,900	16,231,300	15,641,800	589,500
Health and welfare	3,739,000	4,846,800	4,713,953	132,847
Recreation and culture	292,400	305,100	289,719	15,381
Legislative	901,000	878,500	862,396	16,104
Judicial	12,061,800	11,736,200	11,642,980	93,220
Other	5,274,800	6,272,600	3,101,309	3,171,291
Debt service:				
Principal	361,900	361,900	367,821	(5,921)
Interest and other charges	20,200	20,200	17,374	2,826
Capital outlay	966,100	4,340,700	2,284,064	2,056,636
Total Expenditures	49,765,700	55,851,900	49,621,212	6,230,688
Excess of Revenues Over Expenditures	6,939,300	1,625,800	9,494,202	7,868,402
Other Financing Sources (Uses):				
Transfers in	6,042,900	5,999,000	6,000,842	1,842
Transfers out	(12,982,200)	(12,690,800)	(11,925,344)	765,456
Issuance of notes	-	-	12,545	12,545
Total Other Financing Uses	(6,939,300)	(6,691,800)	(5,911,957)	779,843
Net Change in Fund Balance	-	(5,066,000)	3,582,245	8,648,245
Fund Balance, beginning of year	21,383,462	21,383,462	21,383,462	-
Fund Balance, end of year	\$ 21,383,462	\$ 16,317,462	\$ 24,965,707	\$ 8,648,245

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Taxes - Non-departmental	\$ 11,043,500	\$11,350,000	\$11,346,358	\$ (3,642)
Fines and forfeitures	104,400	104,400	107,875	3,475
Interest	205,000	120,000	115,590	(4,410)
Other	146,000	-	-	-
Total Revenues	11,498,900	11,574,400	11,569,823	(4,577)
Expenditures:				
Judicial:				
Circuit Court - Trial Division	496,200	458,600	456,178	2,422
Circuit Court - Family Division	562,100	567,400	562,427	4,973
District Court	352,100	367,200	358,657	8,543
Total Judicial	1,410,400	1,393,200	1,377,262	15,938
General Government - Prosecuting Attorney	1,696,500	1,777,100	1,778,897	(1,797)
Public Safety:				
Sheriff	7,377,500	7,646,100	7,575,348	70,752
Animal Services and Enforcement	352,900	380,200	377,918	2,282
Total Public Safety	7,730,400	8,026,300	7,953,266	73,034
Other:				
Contingencies	50,000	66,300	-	66,300
Restricted reserve	147,300	-	-	-
Total Other	197,300	66,300	-	66,300
Capital Outlay	273,600	749,000	314,256	434,744
Total Expenditures	11,308,200	12,011,900	11,423,681	588,219
Excess (Deficiency) of				
Revenues Over Expenditures	190,700	(437,500)	146,142	583,642
Other Financing Uses -				
Transfers out:				
Friend of the Court Fund	(20,000)	(20,000)	(20,000)	-
Child Care Probate Fund	(165,700)	(165,700)	(170,371)	(4,671)
Public Safety Special Grants Fund	(5,000)	(44,300)	(44,217)	83
Total Other Financing Uses	(190,700)	(230,000)	(234,588)	(4,588)
Net Change in Fund Balance	-	(667,500)	(88,446)	579,054
Fund Balance, beginning of year	1,555,514	1,555,514	1,555,514	-
Fund Balance, end of year	\$ 1,555,514	\$ 888,014	\$ 1,467,068	\$ 579,054

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Revenue Sharing Reserve Fund Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Interest	\$ 490,000	\$ 490,000	\$ 516,442	\$ 26,442
Other Financing Uses -				
Transfers out	(4,958,800)	(4,958,800)	(4,958,751)	49
Net Change in Fund Balance	(4,468,800)	(4,468,800)	(4,442,309)	26,491
Fund Balance, beginning of year	18,318,542	18,318,542	18,318,542	-
Fund Balance, end of year	\$13,849,742	\$13,849,742	\$13,876,233	\$ 26,491

See accompanying notes to basic financial statements.

Business-Type Activities - Enterprise Funds				
<i>December 31, 2008</i>	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Total</i>	<i>Governmental Activities - Internal Service Funds</i>
Assets:				
Current assets:				
Cash (Note 3)	\$ 944,203	\$ 487,131	\$ 1,431,334	\$ 7,307,737
Investments (Note 3)	6,027,710	6,790,227	12,817,937	3,500,000
Receivables:				
Accounts	209,285	258,753	468,038	204,047
Taxes, delinquent	-	6,993,702	6,993,702	-
Interest	121,542	916,224	1,037,766	59,525
Due from state of Michigan	123,017	-	123,017	-
Due from federal government	1,200	-	1,200	-
Inventories	10,071	-	10,071	115,542
Prepaid items	30,890	-	30,890	68,716
Total current assets	7,467,918	15,446,037	22,913,955	11,255,567
Noncurrent assets:				
Restricted assets:				
Cash	3,879,642	-	3,879,642	-
Investments (Note 3)	2,708,419	-	2,708,419	-
Accounts receivable	53,748	-	53,748	-
Bond discount	55,519	-	55,519	-
Bond issuance costs	57,443	-	57,443	-
Land (Note 5)	3,868,097	-	3,868,097	-
Construction in progress (Note 5)	1,235,969	-	1,235,969	-
Capital assets, net of accumulated depreciation (Note 5)	27,510,260	-	27,510,260	443,209
Total noncurrent assets	39,369,097	-	39,369,097	443,209
Total Assets	\$ 46,837,015	\$ 15,446,037	\$ 62,283,052	\$ 11,698,776

County of Kalamazoo, Michigan

Proprietary Funds Statement of Net Assets

<i>December 31, 2008</i>	<i>Business-Type Activities - Enterprise Funds</i>			<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Total</i>	
Liabilities:				
Current liabilities:				
Accounts payable	\$ 293,654	\$ -	\$ 293,654	\$ 507,686
Accrued liabilities	105,438	-	105,438	366,162
Liability for estimated claims	-	-	-	827,786
Deposits payable	11,386	-	11,386	54,823
Accrued interest	59,250	-	59,250	-
Due to other funds (Note 4)	-	-	-	29,360
Current maturities of long-term debt (Note 6)	200,000	-	200,000	-
Total current liabilities	669,728	-	669,728	1,785,817
Noncurrent liabilities, general obligation limited tax bonds (Note 6)	8,700,000	-	8,700,000	-
Total Liabilities	9,369,728	-	9,369,728	1,785,817
Net Assets:				
Investment in capital assets, net of related debt	23,914,326	-	23,914,326	443,209
Unrestricted	13,552,961	15,446,037	28,998,998	9,469,750
Total Net Assets	37,467,287	15,446,037	52,913,324	9,912,959
Total Liabilities and Net Assets	\$ 46,837,015	\$ 15,446,037	\$ 62,283,052	\$ 11,698,776
Total Net Assets			\$ 52,913,324	
Adjustment Reflecting Consolidation of Internal Service Fund Activities Related to Enterprise Funds			144,847	
Net Assets of Business Type Activities			\$ 53,058,171	

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets

<i>Year Ended December 31, 2008</i>	<i>Business-Type Activities - Enterprise Funds</i>			<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Total</i>	
Operating Revenues:				
Charges for services:				
Airport concessions	\$ 775,455	\$ -	\$ 775,455	\$ -
Airfield maintenance	653,651	-	653,651	-
Airfield terminal maintenance	596,901	-	596,901	-
Airport parking	1,407,553	-	1,407,553	-
Airport leases site and other income	70,400	-	70,400	-
Penalties and interest	-	1,314,899	1,314,899	-
Collection fees	-	747,483	747,483	22,979,013
Total Operating Revenues	3,503,960	2,062,382	5,566,342	22,979,013
Operating Expenses:				
Airport administration	1,065,237	-	1,065,237	-
Airfield maintenance	1,105,024	-	1,105,024	-
Airport building maintenance	590,350	-	590,350	-
Airport parking	504,381	-	504,381	-
Airport security	490,600	-	490,600	-
Depreciation	1,946,763	-	1,946,763	173,805
Employee benefits	-	-	-	17,823,417
Other	1,602	800	2,402	3,231,553
Total Operating Expenses	5,703,957	800	5,704,757	21,228,775
Operating Income (Loss)	(2,199,997)	2,061,582	(138,415)	1,750,238
Nonoperating Revenues (Expenses):				
Passenger facility charges	398,631	-	398,631	-
Interest income	393,031	195,027	588,058	-
Federal revenue	197,926	-	197,926	-
Miscellaneous	1,823	-	1,823	-
Interest expense and charges	(363,626)	-	(363,626)	-
Total Nonoperating Revenues	627,785	195,027	822,812	-
Income (Loss) Before Contributions and Transfers	(1,572,212)	2,256,609	684,397	1,750,238
Capital Contributions Received	2,879,337	-	2,879,337	-
Transfers (Out) In	-	(1,000,000)	(1,000,000)	864,945
Change in Net Assets	1,307,125	1,256,609	2,563,734	2,615,183
Net Assets, beginning of year	36,160,162	14,189,428	50,349,590	7,297,776
Net Assets, end of year	\$ 37,467,287	\$ 15,446,037	\$ 52,913,324	\$ 9,912,959
Change in Net Assets			\$ 2,563,734	
Adjustment to Reflect Current Year Effect for Consolidation of Internal Service Fund Activities Related to Enterprise Funds			47,714	
Change in Net Assets of Business Type Activities			\$ 2,611,448	

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Proprietary Funds Statement of Cash Flows

<i>Year Ended December 31, 2008</i>	<i>Business-Type Activities - Enterprise Funds</i>			<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Total</i>	
Operating Activities:				
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ 23,014,794
Cash received from customers and users	3,525,537	392,360	3,917,897	-
Cash paid to employees	(951,482)	-	(951,482)	(1,679,342)
Cash paid for interfund services used	(240,019)	-	(240,019)	(1,154,312)
Cash paid to suppliers	(2,347,936)	(800)	(2,348,736)	(19,096,398)
Cash Provided by (Used in) Operating Activities	(13,900)	391,560	377,660	1,084,742
Capital and Related Financing Activities:				
Capital contributions	2,879,337	-	2,879,337	-
Passenger facility charges	398,631	-	398,631	-
Acquisition of capital assets	(1,100,580)	-	(1,100,580)	(115,795)
Other	1,823	-	1,823	-
Principal paid on debt	(200,000)	-	(200,000)	-
Interest and fiscal charges paid	(353,724)	-	(353,724)	-
Cash Provided by (Used in) Capital and Related Financing Activities	1,625,487	-	1,625,487	(115,795)
Non-Capital Financing Activities:				
Cash received from other governmental units	196,726	-	196,726	-
Transfers (to) from other funds	-	(1,000,000)	(1,000,000)	864,945
Cash Provided by (Used in) Non-Capital Financing Activities	196,726	(1,000,000)	(803,274)	864,945
Investing Activities:				
Sale of investments	15,562,192	17,631,712	33,193,904	-
Purchase of investments	(13,758,738)	(17,087,519)	(30,846,257)	798,778
Unamortized premium on bonds	-	22,813	22,813	-
Interest received	333,906	195,027	528,933	-
Cash Provided by Investing Activities	2,137,360	762,033	2,899,393	798,778
Net Increase in Cash	3,945,673	153,593	4,099,266	2,632,670
Cash, beginning of year	878,172	333,538	1,211,710	4,675,067
Cash, end of year	\$ 4,823,845	\$ 487,131	\$ 5,310,976	\$ 7,307,737
Reconciliation of Cash to Statement of Net Assets:				
Cash	\$ 944,203	\$ 487,131	\$ 1,431,334	\$ 7,307,737
Restricted cash	3,879,642	-	3,879,642	-
Total Cash at December 31, 2008	\$ 4,823,845	\$ 487,131	\$ 5,310,976	\$ 7,307,737

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Proprietary Funds Statement of Cash Flows (Concluded)

<i>Year Ended December 31, 2008</i>	<i>Business-Type Activities - Enterprise Funds</i>			<i>Governmental Activities - Internal Service Funds</i>
	<i>Airport</i>	<i>Delinquent Tax Revolving</i>	<i>Total</i>	
Reconciliation of Operating Income (Loss) to Cash Provided by (Used in)				
Operating Activities:				
Operating income (loss)	\$(2,199,997)	\$ 2,061,582	\$ (138,415)	\$ 1,750,238
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Depreciation and amortization	1,946,763	-	1,946,763	173,805
(Increase) decrease in:				
Accounts receivable	43,083	(258,753)	(215,670)	59,161
Taxes receivable	-	(1,325,771)	(1,325,771)	-
Penalties and interest receivable	-	(85,498)	(85,498)	-
Due from state of Michigan	7,661	-	7,661	-
Interest	-	-	-	(23,380)
Inventories	4,170	-	4,170	(3,229)
Prepaid items	235	-	235	81,508
Increase (decrease) in:				
Deposits payable	2,270	-	2,270	20,414
Accounts payable	199,175	-	199,175	(153,667)
Due to other funds	-	-	-	4,112
Accrued expenses	11,907	-	11,907	129,366
Deferred revenue	(29,167)	-	(29,167)	-
Liability for estimated claims	-	-	-	(953,586)
Cash Provided by (Used in) Operating Activities	\$ (13,900)	\$ 391,560	\$ 377,660	\$ 1,084,742

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets

<i>December 31, 2008</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>	<i>Agency Funds</i>
	<i>Trust Fund</i>	<i>Trust Fund</i>	<i>Trust Fund</i>	<i>Agency Funds</i>
Assets:				
Cash and money market funds (Note 3)	\$3,457,559	\$ 1,176,451	\$ 4,653	\$ 2,839,181
Receivables:				
Interest and dividends	1,335	342,557	-	-
Employer contributions	-	29,360	-	-
Accounts	4,625	773,072	-	1,027
Retiree	-	-	-	-
Investments, at fair value (Note 3):				
Mutual funds	-	47,866,262	-	-
Common trust funds	-	33,843,708	-	-
Corporate debentures	-	15,525,988	-	-
U.S. government securities	-	9,811,795	-	-
Pooled separate account	-	4,321,543	-	-
Pooled mortgages	-	4,229,255	-	-
Total Assets	\$3,463,519	\$ 117,919,991	\$ 4,653	\$ 2,840,208
Liabilities:				
Checks issued against future deposits	\$ -	\$ -	\$ -	\$ 389,151
Vouchers and accounts payable	-	169,993	-	-
Due to other governmental units	-	-	-	666,090
Benefits payable	-	1,083,288	-	-
Other payables	-	-	725	1,784,967
Unearned revenue	415	-	-	-
Total Liabilities	415	1,253,281	725	2,840,208
Net Assets -				
Held in trust:				
Other post-retirement benefits	3,463,104	-	-	-
Employees' pension benefits	-	116,666,710	-	-
Individuals and organizations	-	-	3,928	-
Total Net Assets	3,463,104	116,666,710	3,928	-
Total Liabilities and Net Assets	\$3,463,519	\$ 117,919,991	\$ 4,653	\$ 2,840,208

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Assets

<i>Year Ended December 31, 2008</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	\$ 37,231	\$ 1,956,530	\$ -
Income on pooled separate accounts	-	482,539	-
Income on mutual funds	-	2,820,812	-
Net appreciation (depreciation) in fair value of investments	-	(47,564,160)	-
Less investment expense	-	(517,823)	-
Net investment income (loss)	37,231	(42,822,102)	-
Contributions:			
Employer	5,511,336	921,198	-
Participant	376,918	2,070	-
Total contributions	5,888,254	923,268	-
Total Additions (Deductions)	5,925,485	(41,898,834)	-
Deductions:			
Benefit payments	3,399,177	5,015,702	-
Administrative expenses	-	332,211	-
Total Deductions	3,399,177	5,347,913	-
Change in Net Assets	2,526,308	(47,246,747)	-
Net Assets, beginning of year	936,796	163,913,457	3,928
Net Assets, end of year	\$ 3,463,104	\$ 116,666,710	\$ 3,928

See accompanying notes to basic financial statements.

	<i>Kalamazoo County Road Commission</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>	<i>At-Large Drains</i>	<i>DHS/ Child Care Welfare</i>
December 31, 2008				
Assets:				
Cash	\$ 4,059,739	\$ 7,588,082	\$ 1,077,115	\$ 1,074,409
Investments	-	11,854,026	-	-
Accounts receivable	102,375	1,199,736	-	-
Due from state of Michigan	1,934,923	316,619	-	-
Due from affiliates	-	1,403,461	-	-
Due from providers	-	65,543	-	-
Inventory	679,362	-	-	-
Prepaid expenses	69,349	360,921	-	-
Land	16,442,889	445,911	-	-
Construction in progress	-	1,503,465	-	-
Capital assets, net of accumulated depreciation	96,736,371	2,263,342	-	-
Other assets	278,051	58,000	87	-
Total Assets	\$ 120,303,059	\$ 27,059,106	\$ 1,077,202	\$ 1,074,409
Liabilities:				
Accounts payable	\$ 541,138	\$ 6,779,092	\$ 11,087	\$ -
Accrued liabilities	403,214	592,307	-	-
Due to state of Michigan	-	213,732	-	-
Due to affiliates	-	316,005	-	-
Due to providers	-	633,620	-	-
Unearned revenue	873,816	3,005,221	-	1,074,409
Kalamazoo Area Transportation Study	7,789	-	-	-
Noncurrent liabilities:				
Due within one year	-	721,103	-	-
Due in more than one year	-	353,024	-	-
Total Liabilities	1,825,957	12,614,104	11,087	1,074,409
Net Assets:				
Invested in capital assets, net of related debt	113,179,260	3,794,423	-	-
Restricted for Road Commission	3,185,010	-	-	-
Restricted for KCMHSAS	-	5,917,252	-	-
Unrestricted	2,112,832	4,733,327	1,066,115	-
Total Net Assets	118,477,102	14,445,002	1,066,115	-
Total Liabilities and Net Assets	\$ 120,303,059	\$ 27,059,106	\$ 1,077,202	\$ 1,074,409

County of Kalamazoo, Michigan

Component Units Combining Statement of Net Assets

<i>Local Housing Assistance</i>	<i>Transportation Authority</i>	<i>Total</i>
\$344,930	\$ 917,293	\$ 15,061,568
-	1,990,722	13,844,748
-	4,957	1,307,068
-	-	2,251,542
-	-	1,403,461
-	-	65,543
-	-	679,362
-	427,986	858,256
-	-	16,888,800
-	-	1,503,465
-	-	98,999,713
-	-	336,138
\$344,930	\$ 3,340,958	\$ 153,199,664
\$ -	\$ 135,653	\$ 7,466,970
-	4,144	999,665
-	-	213,732
-	-	316,005
-	-	633,620
-	-	4,953,446
-	-	7,789
-	-	721,103
-	-	353,024
-	139,797	15,665,354
-	-	116,973,683
-	-	3,185,010
-	-	5,917,252
344,930	3,201,161	11,458,365
344,930	3,201,161	137,534,310
\$344,930	\$ 3,340,958	\$ 153,199,664

See accompanying notes to basic financial statements.

		<i>Program Revenues</i>		
<i>Year Ended December 31, 2008</i>	<i>Expenses</i>	<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>
Component Units (Note 1):				
Road Commission - Highways and streets	\$ 17,819,557	\$ 133,018	\$ 12,733,736	\$ 10,040,650
Kalamazoo Community Mental Health and Substance Abuse Services - Health and Welfare	102,593,065	2,319,960	99,365,340	-
At-Large Drains	23,658	-	-	-
Local Housing Assistance	202,475	125,000	-	-
Transportation Authority	1,703,645	-	-	-
DHS/Child Care Welfare	1,968,844	88,567	1,400,962	-
Total Component Units	\$ 124,311,244	\$ 2,666,545	\$ 113,500,038	\$ 10,040,650
General Revenues:				
Unrestricted investment earnings				
Other				
Total General Revenues				
Transfers In (Out)				
Change in Net Assets				
Net Assets, beginning of year				
Net Assets, end of year				

County of Kalamazoo, Michigan

Component Units Combining Statement of Activities

<i>Net Revenue (Expense) and Changes in Net Assets</i>						
<i>Road Commission</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>	<i>At-Large Drains</i>	<i>DHS/ Child Care Welfare</i>	<i>Local Housing Assistance</i>	<i>Transportation Authority</i>	<i>Total</i>
\$ 5,087,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,087,847
-	(907,765)	-	-	-	-	(907,765)
-	-	(23,658)	-	-	-	(23,658)
-	-	-	-	(77,475)	-	(77,475)
-	-	-	-	-	(1,703,645)	(1,703,645)
-	-	-	(479,315)	-	-	(479,315)
5,087,847	(907,765)	(23,658)	(479,315)	(77,475)	(1,703,645)	1,895,989
-	583,554	26,972	-	-	-	610,526
1,064,458	1,484,080	8,159	479,315	151,405	3,032,990	6,220,407
1,064,458	2,067,634	35,131	479,315	151,405	3,032,990	6,830,933
-	-	(9,359)	-	271,000	-	261,641
6,152,305	1,159,869	2,114	-	344,930	1,329,345	8,988,563
112,324,797	13,285,133	1,064,001	-	-	1,871,816	128,545,747
\$118,477,102	\$14,445,002	\$1,066,115	\$ -	\$ 344,930	\$ 3,201,161	\$ 137,534,310

See accompanying notes to basic financial statements.

County of Kalamazoo, Michigan

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 17 member Board of Commissioners (the County Board). The County provides the following services: public safety, health and social services, judicial, recreation and culture, public improvements, and general governmental administrative services.

The Kalamazoo Community Mental Health and Substance Abuse Services (KCMHSAS), a discretely presented component unit, is maintained and included in the accompanying financial statements on a September 30 fiscal year basis.

During 2008, the Kalamazoo County Transportation Authority (the Authority), changed their fiscal year-end from December 31 to September 30. As a result, the balances on the Component Units Combining Statement of Net Assets for the Authority are as of September 30, 2008. Also, the balances on the Component Units Combining Statement of Activities for the Authority are for the nine-month period ended September 30, 2008.

These funds have adopted a different fiscal year to be consistent with the fiscal period of their grantor agencies.

2. Summary of Significant Accounting Policies

Reporting Entity

These financial statements present the County (primary government) and its component units. The criteria established by the Governmental Accounting Standards Board (GASB) for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Blended component units, although legally separate entities, are part of the County's operations and data from these units are combined with data of the primary government. Each discretely presented component unit is reported in a separate column to emphasize it is legally separate from the County. Each blended and discretely presented component unit has a December 31 year-end, except for the KCMHSAS and the Authority, which have September 30 year-ends.

Blended Component Unit -

Building Authority

The Kalamazoo County Building Authority is governed by a three-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.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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

Economic Development Corporation

The Economic Development Corporation (EDC), established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a nine-member board of directors appointed by the County Board. The EDC may not issue debt without the County Board approval. The EDC had no financial activity in 2007 and is therefore excluded from the Component Units Combining Statements of Net Assets 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. Separate financial statements are prepared and may be obtained from the County of Kalamazoo, Michigan, 201 West Kalamazoo Avenue, Kalamazoo, Michigan 49007.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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.

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.

Complete financial statements of the Kalamazoo County Road Commission, the Kalamazoo Community Mental Health and Substance Abuse Services, 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
Nazareth, Michigan 49048

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

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 statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The County reports the following major governmental funds:

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

Law Enforcement Fund - This fund accounts for specific revenue derived from state and federal grants, charges for services, and General Fund appropriations that are to be expended as dictated by legal, regulatory, or administrative requirements.

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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.

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.

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

Additionally, the County reports the following fund types:

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

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, including payments made in connection with the County administration building under a lease purchase arrangement with the Kalamazoo County Building Authority.

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, employee wages, technology, document, and facility activities provided to other departments or funds on a cost reimbursement basis.

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

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

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

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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 assets 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.

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

Cash, Cash Equivalents, and Investments

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

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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, and government securities. Accordingly, such securities are carried in the financial statements at cost, approximating fair value. The County did not experience a change in fair value (realized or unrealized) in securities held outside the System.

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.

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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 capital improvements.

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, 2008 (summer tax). The remaining Law Enforcement Fund and Juvenile Home Building Project Fund property taxes were levied on December 1, 2007 (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 and Law Enforcement Fund, based on a rate of approximately 6.3362 mills and a total taxable value of real and personal property of \$8,265,432,248.

The County levied \$38,933,839 for the General Fund summer property tax. Amounts collected prior to December 31, 2008, were available for use and recorded as property tax revenues in 2008. Any amounts not collected were deferred for use for the year ending December 31, 2009.

The County levied winter property taxes of \$1,618,102 and \$11,616,172 for the Juvenile Home Fund and Public Safety Fund, respectively. Winter property taxes for the Juvenile Home Fund and Public Safety Fund are deferred and budgeted for use for the year ending December 31, 2008. The County collected a total of approximately \$2,144,508 of the Juvenile Home Fund and Public Safety Fund winter taxes in 2007, which were recorded in revenues in January, 2008.

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.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are 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.

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 assets.

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

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

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.

No budget was adopted for the Substance Abuse, Alcoholism Special Revenue Fund, and the HIV/AIDS HOPWA Special Revenue Fund. No revenues or expenditures were expected since these funds are no longer active. Activity in these funds is due to State grant adjustments for prior years. The County expects to close these funds in 2009.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Use of Estimates

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

Risk Management

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

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

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

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

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, At-Large Drains, Local Housing Assistance and Transportation Authority 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) has custody over its deposits and investments that are subject to KCMHSAS' 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.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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, 2008, \$72,282,675 of the County's bank balances of \$76,782,675 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 and Savings</i>	<i>Certificates of Deposit</i>	<i>Total</i>
Uninsured and Uncollateralized:			
County	\$ 18,149,795	\$ 49,738,000	\$ 67,887,795
County Road Commission	856,040	1,950,000	2,806,040
Transportation	-	760,383	760,383
At-Large Drains	828,457	-	828,457
Total Uninsured and Uncollateralized	\$ 19,834,292	\$ 52,448,383	\$ 72,282,675

At September 30, 2008, \$6,150,000 of KCMHSAS' bank balances of \$6,333,616 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, banker's 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, 2008, 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>
Debt Securities	\$ 9,668,417	\$ 2,008,120	\$ 7,660,297
Money Market	20,728,065	20,728,065	-
Commercial Paper	8,218,004	8,218,004	-
Total	\$ 38,614,486	\$ 30,954,189	\$ 7,660,297

KCMHSAS' investment policy complies with the State statutes and has no additional investment restrictions that would limit its investment choices. As of September 30, 2008, KCMHSAS had the following investments and maturities:

	<i>Fair Value</i>	<i>Investment Maturities Less Than One Year</i>
Money Market	\$ 8,595,389	\$ 8,595,389
Commercial Paper	4,543,026	4,543,026
Total	\$ 13,138,415	\$ 13,138,415

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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

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

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

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

Credit Risk - Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. State statutes limits investments in commercial paper to be rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Investments in obligations of the state of Michigan or its political subdivisions must be rated as investment grade by not less than one rating service. Investments in bonds, obligations, or repurchase agreements must be made with the U.S. Treasury and banker's 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. At December 31, 2008, the County's investments had the following credit ratings:

<i>Debt Investments</i>	<i>Fair Value</i>	<i>S&P Rating</i>	
		<i>AAA</i>	
Federal Home Loan Bank (FHLB)	\$ 4,059,920	\$ 4,059,920	
Federal Home Loan Mortgage Corporation (FHLMC)	2,005,180	2,005,180	
Federal National Mortgage Association (FNMA)	3,603,317	3,603,317	
Totals by Rating	\$ 9,668,417	\$ 9,668,417	

<i>Commercial Paper</i>	<i>Fair Value</i>	<i>S&P Rating</i>	
		<i>A-1</i>	<i>SP-2</i>
AIG	\$ 990,500	\$ 990,500	\$ -
Fountain Square	3,421,425	3,421,425	-
Michigan Public Education Bonds	765,343	-	765,343
UBS Financial	2,018,196	2,018,196	-
UBS Paine Webber	1,022,540	1,022,540	-
Totals by Rating	\$ 8,218,004	\$ 7,452,661	\$ 765,343

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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, 2008, the General Electric commercial paper had a Standard & Poor's rating of A-1+ and the AIG commercial paper had a Standard & Poor's rating of A-1.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County's investment policy requires the treasurer to diversify investments by security type and institution. With the exception of U.S. Treasury securities, no more than 60% of the total investment portfolio will be invested in a single security type or with a single financial institution. As of December 31, 2008, 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, 2008, 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, 2008, the System had deposit balances of \$1,176,451, all of which were uninsured and uncollateralized.

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

As of December 31, 2008, 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>More Than 10</i>
Debt Securities:					
Asset Backed Corporate Bonds	\$ 4,147,886	\$ 8,651	\$ 2,073,712	\$ 523,811	\$ 1,541,712
Corporate Bonds	11,475,035	-	1,893,136	1,023,388	8,558,511
Federal Home Loan Mortgage Corporation (FHLMC)	1,920,727	-	152,907	547,038	1,220,782
Federal National Mortgage Association (FNMA)	2,363,539	89	143,730	178,634	2,041,086
Government National Mortgage Association (GNMA)	883	883	-	-	-
U.S. Treasury Bonds	9,658,968	-	-	-	9,658,968
Total	29,567,038	\$ 9,623	\$ 4,263,485	\$ 2,272,871	\$ 23,021,059
Other Investments:					
Equity Index Collective Trust Fund	33,843,708				
Mutual Real Estate Securities Fund	791,913				
Mutual International Small Cap Fund	11,936,506				
Mutual Emerging Markets Fund	11,984,614				
U.S. Large Cap Equity Mutual Fund	5,694,816				
U.S. Small Cap Equity Mutual Fund	11,635,997				
U.S. Micro Cap Equity Mutual Fund	5,822,416				
Real Estate Pooled Separate Account	4,321,543				
Total Investments	\$ 115,598,551				

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

As of December 31, 2008, the System's investments 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>BAA</i>	<i>Unrated</i>
Asset Backed						
Corporate Bonds	\$ 4,147,886	\$ 4,147,886	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	11,475,035	1,448,263	2,337,401	6,059,476	1,474,904	154,991
Federal Home Loan Mortgage Corporation (FHLMC)	1,920,727	1,920,727	-	-	-	-
Federal National Mortgage Association (FNMA)	2,363,539	2,363,539	-	-	-	-
Governmental National Mortgage Association (GNMA)	883	883	-	-	-	-
U.S. Treasury Bonds	9,658,968	9,658,968	-	-	-	-
Totals by Rating	\$29,567,038	\$19,540,266	\$2,337,401	\$6,059,476	\$1,474,904	\$154,991

<i>Funds</i>	<i>Fair Value</i>	<i>Morningstar Rating</i>		
		<i>★★</i>	<i>★★★</i>	<i>★★★★</i>
Equity Index Collective Trust Fund	\$ 33,843,708	\$ -	\$ 33,843,708	\$ -
Real Estate Securities Mutual Fund	791,913	-	791,913	-
International Small Cap Mutual Fund	11,936,506	-	-	11,936,506
Emerging Markets Mutual Fund	11,984,614	-	-	11,984,614
U.S. Large Cap Equity Mutual Fund	5,694,816	5,694,816	-	-
U.S. Small Cap Equity Mutual Fund	11,635,997	-	11,635,997	-
U.S. Micro Cap Equity Mutual Fund	5,822,416	-	5,822,416	-
Real Estate Pooled Separate Account	4,321,543	-	4,321,543	-
Totals by Rating	\$ 86,031,513	\$ 5,694,816	\$ 56,415,577	\$ 23,921,120

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.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

As of December 31, 2008, 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, 2008, 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, 2008, the System invested \$11,937,000 in an international small company equity mutual fund that exposes the System's portfolio to foreign currency risk.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

4. Advances/Interfund Transfers

General Fund Advance to the Drain Fund

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

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Fund</u>	<u>Advances from Other Funds</u>
General Fund	\$ 15,052	Capital Projects Fund - Drains	\$ 15,052

To accommodate the payment of Drain Fund related expenditures prior to assessments levied, the General Fund has advanced \$15,052 to the Drain Fund. A 2007 budget policy adopted by the board of commissioners established the advance at a level of \$100,000 with the recognition that appropriate drain assessments occur in order to bring the advance to a more appropriate level.

Interfund Transfers

Interfund transfers for the year ended December 31, 2008, consisted of the following:

	<u>General Fund</u>	<u>Law Enforce- ment</u>	<u>Revenue Sharing Reserve</u>	<u>Nonmajor Governmental</u>	<u>Delinquent Tax Revolving Fund</u>	<u>Component Units</u>	<u>Total Transfers In</u>
<i>Transfer to:</i>							
General Fund	\$ -	\$ -	\$4,958,751	\$ 42,091	\$ 1,000,000	\$ -	\$ 6,000,842
Nonmajor							
Governmental	11,060,399	234,588	-	302,481	-	9,359	11,606,827
Internal Service	864,945	-	-	-	-	-	864,945
Total Transfers Out	\$ 11,925,344	\$ 234,588	\$ 4,958,751	\$ 344,572	\$ 1,000,000	\$ 9,359	\$ 18,472,614

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

5. Capital Assets

Capital asset activity for the year ended December 31, 2008, consists of the following:

<i>Primary Government</i>	<i>Balance, January 1, 2008</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance, December 31, 2008</i>
Government Activities:				
Capital assets not depreciated:				
Land	\$ 1,647,767	\$ -	\$ -	\$ 1,647,767
Construction in progress (estimated costs to complete \$9,131,000)	3,069,805	15,753,073	-	18,822,878
Capital assets depreciated:				
Land improvements	5,125,480	17,590	-	5,143,070
Buildings and improvements	26,639,371	717,412	-	27,356,783
Furniture, machinery, and equipment	8,483,687	1,168,134	154,541	9,497,280
Vehicles	3,862,798	698,183	488,818	4,072,163
Law library books	405,392	-	-	405,392
Totals at Historical Cost	49,234,300	18,354,392	643,359	66,945,333
Less accumulated depreciation:				
Land improvements	2,309,352	206,414	-	2,515,766
Buildings and improvements	21,782,341	598,297	-	22,380,638
Furniture, machinery, and equipment	6,551,880	515,525	107,051	6,960,354
Vehicles	2,683,435	444,025	413,622	2,713,838
Law library books	405,392	-	-	405,392
Total accumulated depreciation	33,732,400	1,764,261	520,673	34,975,988
Total Governmental Activities - Net Capital Assets	\$ 15,501,900	\$16,590,131	\$ 122,686	\$ 31,969,345

Depreciation expense charged to governmental functions consisted of the following:

General government	\$ 313,239
Public safety	779,911
Health and welfare	147,582
Recreation and culture	298,833
Judicial	223,863
Other	833
Total Depreciation Expense	\$ 1,764,261

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

<i>Primary Government</i>	<i>Balance, January 1, 2008</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance, December 31, 2008</i>
Business-Type Activities:				
Capital assets not depreciated:				
Land	\$ 3,868,097	\$ -	\$ -	\$ 3,868,097
Construction in progress (estimated costs to complete \$992,000)	6,357,365	1,003,730	6,125,126	1,235,969
Capital assets depreciated:				
Land improvements	36,129,746	6,125,126	-	42,254,872
Buildings and improvements	9,612,185	8,165	-	9,620,350
Furniture, machinery, and equipment	6,480,419	88,685	4,006	6,565,098
Totals at Historical Cost	62,447,812	7,225,706	6,129,132	63,544,386
Less accumulated depreciation:				
Land improvements	16,830,221	1,451,455	-	18,281,676
Buildings and improvements	7,363,629	181,760	-	7,545,389
Furniture, machinery, and equipment	4,793,454	313,547	4,006	5,102,995
Total accumulated depreciation	28,987,304	1,946,762	4,006	30,930,060
Total Business-Type Activities - Net Capital Assets	\$ 33,460,508	\$ 5,278,944	\$ 6,125,126	\$ 32,614,326

Capital asset activity for the Kalamazoo Community Mental Health and Substance Abuse Services for the year ended September 30, 2008, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, October 1, 2007</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance, September 30, 2008</i>
Kalamazoo Community Mental Health and Substance Abuse Services				
Capital Assets:				
Capital assets not depreciated:				
Land	\$ 445,911	\$ -	\$ -	\$ 445,911
Construction in progress	1,397,305	166,432	60,272	1,503,465
Capital assets depreciated:				
Buildings and improvements	2,870,679	13,805	65,201	2,819,283
Equipment and furniture	1,303,638	203,481	107,271	1,399,848
Motor vehicles	144,028	39,868	-	183,896
	6,161,561	423,586	232,744	6,352,403
Less accumulated depreciation	2,013,238	227,397	100,950	2,139,685
Total Kalamazoo Community Mental Health and Substance Abuse Services Capital Assets, net	\$ 4,148,323	\$ 196,189	\$ 131,794	\$ 4,212,718

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Capital asset activity for the Kalamazoo County Road Commission for the year ended December 31, 2008, consists of the following:

<i>Discretely Presented Component Units</i>	<i>Balance, January 1, 2008</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance, December 31, 2008</i>
Road Commission Capital Assets:				
Capital assets not depreciated:				
Land and improvements, infrastructure	\$ 15,503,191	\$ 939,698	\$ -	\$ 16,442,889
Land and improvements	1,198,399	-	-	1,198,399
Capital assets depreciated:				
Buildings and improvements	3,567,546	27,433	-	3,594,979
Road equipment	6,380,454	75,490	92,060	6,363,884
Other equipment	1,237,102	18,257	5,690	1,249,669
Infrastructure and improvements	191,341,792	13,078,070	47,666	204,372,196
	219,228,484	14,138,948	145,416	233,222,016
Less accumulated depreciation	112,152,181	8,035,991	145,416	120,042,756
Total Kalamazoo County Road Commission Capital Assets, net	\$107,076,303	\$6,102,957	\$ -	\$ 113,179,260

6. Long-Term Debt

Changes in long-term liabilities consists of the following:

<i>Primary Government</i>	<i>Balance, January 1, 2008</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance, December 31, 2008</i>	<i>Due Within One Year</i>
Government Activities:					
Bonds and notes payable -					
General obligation debt	\$ 40,719,144	\$ 427,545	\$ 2,148,821	\$ 38,997,868	\$ 2,104,898
Other liabilities -					
Compensated absences	3,190,435	2,584,758	2,481,791	3,293,402	1,097,800
	43,909,579	3,012,303	4,630,612	42,291,270	3,202,698
Net Bond Premium	-	52,421	-	52,421	-
Total Long-Term Liabilities - Governmental Activities	\$ 43,909,579	\$ 3,064,724	\$ 4,630,612	\$ 42,343,691	\$ 3,202,698
Business-Type Activities -					
Bonds payable -					
General obligation debt	\$ 9,100,000	\$ -	\$ 200,000	\$ 8,900,000	\$ 200,000
Discretely Presented Component Units					
Total Long-Term Liabilities - Business-Type Activities:					
Mortgage payable	\$ 543,862	\$ -	\$ 125,567	\$ 418,295	\$ 65,271
Compensated absences	588,108	859,855	792,131	655,832	655,832
Total Long-Term Liabilities - Business-Type Activities	\$ 1,131,970	\$ 859,855	\$ 917,698	\$ 1,074,127	\$ 721,103

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Long-term bonds and notes at December 31, 2008, consists 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%	\$ 145,000
1996 Sewage Disposal System No. 7 Bonds	5/1/2016	4.75-5.88%	1,000,000
1998 Indian Lake/Pickerel Lake Sewage Disposal System Bonds	6/1/2017	4.15-4.30%	3,350,000
2001 Cooper Township Sanitary Sewage Disposal System Bonds	5/1/2021	3.45-6.38%	2,000,000
2004 Texas Township Refunding Sanitary Sewage Disposal System Bonds	5/1/2013	2.50-4.00%	1,495,000
2005 Comstock Sewage Disposal System Bonds	5/1/2013	2.50-3.50%	810,000
2005 Village of Augusta Water Supply	5/1/2025	2.13%	675,000
2006 Gilbert Drain Drainage District Note	7/1/2010	3.88%	240,000
2007 Big Marsh Intercounty Drain	6/1/2009	4.07%	950
2007 Austin Lake Bond	5/1/2010	4.00%	430,000
2008 Townline Drain	3/1/2018	2.4-4.55%	415,000
Total Governmental Activities - without associated assets			\$ 10,560,950
2004 Keystone Bank Note	10/1/2009	3.34%	\$ 376,154
2007 Juvenile Home Facilities Bond	10/1/2032	4.50-5.00%	28,050,000
2008 John Deere Tractor Lease	9/11/2012	7.50%	10,764
Total Governmental Activities - with associated assets			\$ 28,436,918
Business-Type Activities -			
2003 Building Authority Airport Facilities Bonds	5/1/2028	2.60-4.60%	\$ 8,900,000
Discretely Presented Component Units -			
Business-Type Activities - Kalamazoo Community Mental Health and Substance Abuse Services - Mortgage payable	10/1/2011	5.26%	\$ 418,295

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

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

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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 assets invested in capital assets, net of related debt.

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

There are a number of limitations and restrictions contained in the various debt issues. At December 31, 2008, the County complied with all significant limitations and restrictions.

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

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

<i>Year Ending December 31,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2009	\$ 2,104,898	\$ 1,640,555	\$ 250,000	\$ 351,750
2010	2,028,010	1,557,824	250,000	343,938
2011	1,733,244	1,481,765	500,000	331,438
2012	1,656,715	1,412,445	500,000	314,250
2013	1,695,000	1,344,462	500,000	296,750
2014-2018	7,555,000	5,757,421	2,900,000	1,173,600
2019-2023	6,785,000	4,260,174	3,000,000	560,900
2024-2028	7,640,000	2,653,725	1,000,000	115,000
2029-2032	7,800,000	724,500	-	-
	\$ 38,997,868	\$ 20,832,871	\$ 8,900,000	\$ 3,487,625

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

<i>Year Ending December 31,</i>	<i>Business-Type Activities</i>	
	<i>Principal</i>	<i>Interest</i>
2009	\$ 128,869	\$ 23,675
2010	135,737	16,807
2011	142,970	9,574
2012	74,317	1,955
	\$ 481,893	\$ 52,011

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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, 2008, there was one Industrial Revenue Bond outstanding: W.B.C. Properties Limited Partnership Project, 5.75% \$6,500,000 Series, issued September 1, 1985, due in full in 2015.

7. Retirement Commitments

Kalamazoo County Employees' Retirement System (the System)

Plan Description

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

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

Summary of Significant Accounting Policies

Basis of Accounting

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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.

Annual Pension Cost and Net Pension Obligation

The annual required contribution (ARC) for the current year was determined as part of the December 31, 2007, actuarial valuation using the entry age normal cost method for each employer. The actuarial assumptions included (a) a rate of return of 7.75%, b) projected salary increases ranging from 4.5% to 9.5%, including pay inflation of 4.5%, and c) no cost of living adjustments. The actuarial value of the System's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued asset is amortized over a closed period of 10 years for the County and KCMHSAS, and 12 years for the Road Commission as a level percent of payroll.

Annual pension costs of the primary government and its discretely-presented component units, which were equal to the required contributions at December 31, 2008, consists of the following:

<i>Year Ended December 31,</i>	<i>Annual Pension Cost (APC)</i>	<i>Percentage of APC Contributed</i>	
Primary Government:	2006	\$ 1,317,801	100.3%
	2007	\$ 858,753	100.0%
	2008	\$ 696,028	100.0%
Kalamazoo County Road Commission:	2006	\$ -	100.0%
	2007	\$ -	100.0%
	2008	\$ -	100.0%
Kalamazoo Community Mental Health and Substance Abuse Services:	2006	\$ 397,661	100.0%
	2007	\$ 357,321	100.0%
	2008	\$ 262,234	100.0%

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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 base 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 2008 contribution of \$2,005,797. The County is not a fiduciary with respect to this plan and, accordingly, assets and liabilities of the System have been excluded from these financial statements. Contribution requirements are established or amended under the authority of the County Board of Commissioners and collective bargaining.

Primary Government - Other

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

The County has agreed to contribute, on behalf of the District Court employees, to defined contribution plans that are administered by unrelated third parties. The County made the required 2008 contributions on behalf of the District Court employees of \$12,650. 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, 2008, KCMHSAS and its employees each contributed \$526,504. 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.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Other Post Employment Benefits – VEBA 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 VEBA 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 VEBA Trust.

Active participants of the defined benefits pension plan with a hire date prior to January 1, 2009, who retire at age 55 with eight or more years of service, are eligible for this benefit. Employees hired after January 1, 2009, must be age 60 with eight or more years of service to be eligible. Active participants of the FOP defined contribution plan are eligible under the terms of their collective bargaining agreement. Currently, there are 285 retirees of the primary government, 65 retirees of the FOP, 49 retirees of the Road Commission, and 35 retirees of KCMHSAS. Separate financial statements are not prepared.

The County purchases commercial health insurance to provide this benefit which is provided for the life of the retiree. The insurance policy provides coverage for medical expense and costs for all pre-Medicare age retirees similar to the benefit available for active employees. A reduced coverage policy, or Medicare supplement, is provided to each retiree eligible for Medicare. Dependent coverage, if requested, is financed by employee contributions.

Summary of Significant Accounting Policies

Basis of Accounting

In 2008, the County adopted GASB Statement No. 45, *Accounting and financial Reporting by Employers for Postemployment Benefits other than Pensions*. Statement No. 45 establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expenditures and related assets/liabilities as well as note disclosures in the reports of government employers.

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 VEBA 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 VEBA 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.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Actuarial Methods and Assumptions

The annual contribution rate (ARC) for the current year was determined as part of the December 31, 2007, 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 10%, and (c) 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 VEBA trust currently funds the plan under the authority defined by the Kalamazoo County Board of Commission. Plan members are charged contributions at a set rate per member depending on years of service over eight years and the type of optional coverage elected. The County is currently contributing 75% of the fixed rate determined in the most recent actuarial valuation adjusted for plan design changes made during the year. The Road Commission and KCMHSAS are contributing based on the percentage of payroll determined in the most recent actuarial valuation.

The annual other post employment health benefit contributions of the primary government and its discretely-presented component units as of December 31, 2007 and 2008, are as follows:

<i>Year Ended December 31, 2008</i>		<i>Annual Required Contributions</i>	<i>Actual Contributions</i>	<i>Percentage of ARC Contributed</i>
Kalamazoo County Government	2007	\$ 6,380,571	\$ 2,222,375	34.83%
	2008	\$ 6,380,571	\$ 4,066,027	63.73%
Kalamazoo Community Mental Health and Substance Abuse Services	2007	\$ 565,517	\$ 686,371	121.37%
	2008	\$ 565,517	\$ 712,070	125.91%
Kalamazoo County Road Commission	2007	\$ 782,146	\$ 655,283	83.78%
	2008	\$ 782,146	\$ 733,240	93.75%
Totals	2007	\$ 7,728,234	\$ 3,564,029	46.12%
	2008	\$ 7,728,234	\$ 5,511,337	71.31%

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Calculation of Net OPEB Obligation

GASB 45 requires the disclosure of the components of the Net OPEB obligation calculation. This information is shown as follows:

<i>Year Ended December 31, 2008</i>	<i>Kalamazoo County Government</i>	<i>Kalamazoo County Road Commission</i>	<i>Kalamazoo Community Mental Health and Substance Abuse Services</i>
Annual Required Contribution (ARC)	\$ 6,380,571	\$ 782,146	\$ 565,517
Net employer contributions	4,066,027	733,240	712,070
Increase (decrease) in net OPEB obligation	2,314,544	48,906	(146,553)
Net OPEB Obligation, December 31, 2007	-	-	-
Net OPEB Obligation (Asset), December 31, 2008	\$ 2,314,544	\$ 48,906	\$ (146,553)
Percentage of Annual OPEB Cost Contributed	63.73%	93.75%	125.91%

Note: 2008 is transition year for GASB 45; therefore, beginning Net OPEB Obligation is \$0.

The funded status of the plan as of December 31, 2008, was as follows:

Actuarial Accrued Liability (AAL)	\$ 68,274,028
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 68,274,028
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 46,236,021
UAAL as a percentage of covered payroll	147.7%

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

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

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 \$350,000 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.

For employees belonging to the Fraternal Order of Police or Sheriff's Command Staff, the County purchases commercial insurance for risks of loss arising from employee health and medical claims. For all other employees, the County manages its risk of loss arising from health and medical claims through a combination of purchased commercial insurance and a set aside of assets for claims settlements. For those claims (up to an annual maximum of \$100,000 per individual) financed from the set aside of assets, the County reports claim expenditures and liabilities when it is probable that a loss has occurred and the amount of loss may be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Health and medical claim liabilities are subject to the same estimation limitations and periodic reevaluation as workers' compensation claims. For all risks of loss, there have been no significant reductions in insurance coverage from coverage provided in prior years. In addition, in the past three fiscal years, settlements did not exceed insurance coverage.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Changes in the balances of claim liabilities for 2008 and 2007, 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:				
2007	\$ 258,428	\$ 29,813	\$ (49,853)	\$ 238,388
2008	\$ 238,388	\$ (73,618)	\$ 62,275	\$ 102,495

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 2008 and 2007, 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:				
2007	\$ 924,886	\$ 923,240	\$ (618,981)	\$1,229,145
2008	\$1,229,144	\$ (172,015)	\$ (747,576)	\$ 309,553
Employee health and medical:				
2007	\$ 382,637	\$ 3,532,693	\$ (3,400,575)	\$ 514,755
2008	\$ 514,756	\$ 3,675,202	\$ (3,711,851)	\$ 478,107
Employee dental:				
2007	\$ 41,423	\$ 358,844	\$ (362,794)	\$ 37,473
2008	\$ 37,473	\$ 395,618	\$ (392,964)	\$ 40,127

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.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

Kalamazoo Community 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 \$10,000,000 for aggregate general liability claim, and \$5,205,000 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.

9. Compliance

Expenditures Over Appropriations

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

<i>Year Ended December 31, 2008</i>	<i>Excess Expenditures</i>
General Fund:	\$
<i>Judicial:</i>	
Circuit Court - Family Division	(11,036)
District Court	(56,688)
<i>General Government:</i>	
Finance	(12,729)
Human Resources	(114,373)
Treasurer	(36,552)
<i>Public Safety -</i>	
Emergency management	(7,065)
<i>Health and Welfare:</i>	
Human Services Administration	(4,466)
Veteran's burial	(21,900)
Kalamazoo Community Mental Health and Substance Abuse Services	(5,280)
<i>Other - Retiree Health Insurance</i>	(27,400)
<i>Debt Service - Principal</i>	(2,209)
<i>Transfers Out:</i>	
Friend of the Court Fund	(31,450)
G.C.P.I.	(877)
Law Library Fund	(72)
Health and Welfare Special Grants Fund	(1,294)

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Continued)

<i>Year Ended December 31, 2008</i>	<i>Excess Expenditures</i>
Special Revenue Funds:	\$
<i>Law Enforcement Fund:</i>	
General Government- Prosecuting Attorney	(1,797)
Transfers Out - Child Care Probate Fund	(4,671)
<i>Parks and Recreation - Transfers Out - Parks Improvement Fund</i>	(25,751)
<i>Friend of the Court - Judicial</i>	(4,553)
<i>Accommodation Tax:</i>	
Recreation and Culture	(83,137)
Transfers Out - General	(1,891)
<i>Law Library - Judicial</i>	(72)
<i>Child Care Probate - Capital Outlay</i>	(11,278)
<i>Veteran's Trust - Health and Welfare</i>	(10,366)
<i>Head Start:</i>	
Health and Welfare	(64,823)
Capital Outlay	(129,718)
<i>Health and Welfare Special Grants:</i>	
<i>Transfers Out:</i>	
NFP Grant	(5,045)
STD Control	(7,103)
Cardiovascular Disease	(6,813)
Healthy Start	(13,021)

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

Effective October 16, 2000, a state of Michigan law was enacted limiting retirement plan's investment in common stocks to 70% of a plan's assets at market value. At December 31, 2008, the Plan's investment in common stocks was 68.8% of plan assets at market value, thereby not exceeding the limit allowed by law.

10. Reclassifications

Certain reclassifications have been made to the fiscal 2007 and 2006 financial statements to conform to the fiscal 2008 presentation.

County of Kalamazoo, Michigan

Notes to Basic Financial Statements (Concluded)

11. Commitments and Contingencies

At December 31, 2008, the County had the following contractual construction commitments:

	<i>Project Authorization</i>	<i>Expended Through December 31, 2008</i>	<i>Committed</i>	<i>Required Future Financing</i>
Airport improvements	\$ 6,895,211	\$ 5,903,565	\$ 991,646	\$ *
Juvenile Home	28,300,000	19,169,137	9,130,863	-
Townline Drain	614,000	563,384	50,616	-
Gilbert Drain	150,000	41,018	108,982	-
Austin Lake Consolidated Drain	630,000	575,665	54,335	-
	\$ 36,589,211	\$ 26,252,768	\$ 10,336,443	\$ -

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

The County leases several facilities under non-cancelable agreements that have been classified as operating leases. Total cost for such leases were \$432,361 in 2008. The future minimum lease payments for these leases consists of the following:

<i>Year Ending December 31,</i>	<i>Amount</i>
2009	\$ 410,224
2010	403,831
2011	407,891
	\$ 1,221,946

**Required Supplementary
Information**



County of Kalamazoo, Michigan

Schedules of Funding Progress

Kalamazoo County Employees' Retirement System

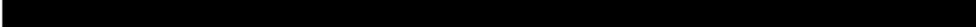
<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) - Entry Age</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
<i>Employer</i>	(A)	(B)	(B)-(A)	(A)/(B)	(C)	[(B)-(A)]/(C)
Primary Government:						
12/31/2006	119,374,129	94,622,759	(24,751,370)	126.2%	28,167,697	-87.9%
12/31/2007	117,536,641	87,542,664	(29,993,977)	134.3%	27,705,539	-108.3%
12/31/2008	120,174,139	95,531,315	(24,642,824)	125.8%	29,132,398	-84.6%
Kalamazoo County Road Commission:						
12/31/2006	19,982,947	14,229,642	(5,753,305)	140.4%	3,073,779	-187.2%
12/31/2007	18,307,775	12,714,350	(5,593,425)	144.0%	3,062,522	-182.6%
12/31/2008	18,388,721	13,052,992	(5,593,425)	140.9%	3,114,099	-171.3%
Kalamazoo Community Mental Health and Substance Abuse Services:						
12/31/2006	21,000,047	15,485,854	(5,514,193)	135.6%	8,246,246	-66.9%
12/31/2007	21,371,724	14,384,271	(6,987,453)	148.6%	8,551,466	-81.7%
12/31/2008	21,662,970	16,201,152	(5,461,818)	133.7%	9,049,076	-60.4%
Totals:						
12/31/2006	160,357,123	124,338,255	(36,018,868)	129.0%	39,487,722	-91.2%
12/31/2007	157,216,140	114,641,285	(42,574,855)	137.1%	39,319,527	-108.3%
12/31/2008	160,225,830	124,785,459	(35,698,067)	128.4%	41,295,573	-85.8%

Other Post Employment Benefits – VEBA Trust

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) - Entry Age</i>	<i>Unfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
<i>Employer</i>	(A)	(B)	(B)-(A)	(A)/(B)	(C)	[(B)-(A)]/(C)
Kalamazoo County Government						
12/31/2007	\$ -	\$ 68,274,028	\$ 68,274,028	0.0%	\$ 46,236,021	147.7%
Kalamazoo Community Mental Health and Substance Abuse Services						
12/31/2007	-	5,765,260	5,765,260	0.0%	7,931,526	72.7%
Kalamazoo County Road Commission						
12/31/2007	-	9,215,977	9,215,977	0.0%	3,381,525	272.5%
Totals	\$ -	\$ 83,255,265	\$ 83,255,265	0.0%	\$ 57,549,072	144.7%



**Combining and Individual Fund
Statements and Schedules**





General Fund

County of Kalamazoo, Michigan

General Fund

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

County of Kalamazoo, Michigan

General Fund Schedule of Sources and Uses of Financial Resources

<i>Year Ended December 31, 2008</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	\$ 36,514,000	\$ 37,400,000	\$ 38,689,536	\$ 1,289,536
Treasurer	82,000	82,000	91,746	9,746
<i>Total Taxes</i>	<i>36,596,000</i>	<i>37,482,000</i>	<i>38,781,282</i>	<i>1,299,282</i>
<i>Licenses and Permits:</i>				
County Clerk/Register of Deeds	24,500	24,500	31,068	6,568
Animal Services and Enforcement	290,000	423,500	431,719	8,219
Treasurer	10,000	10,000	10,753	753
Drain Commissioner	-	-	1,415	1,415
Soil erosion and sedimentation control	50,000	50,000	30,173	(19,827)
Medical Examiner	9,000	9,000	11,010	2,010
<i>Total Licenses and Permits</i>	<i>383,500</i>	<i>517,000</i>	<i>516,138</i>	<i>(862)</i>
<i>Federal Grants:</i>				
Friend of the Court	1,660,500	1,740,500	1,725,768	(14,732)
Sheriff	47,200	47,200	55,884	8,684
Emergency management	45,400	45,400	47,404	2,004
Prosecuting Attorney	90,000	90,000	85,466	(4,534)
<i>Total Federal Grants</i>	<i>1,843,100</i>	<i>1,923,100</i>	<i>1,914,522</i>	<i>(8,578)</i>
<i>State Grants:</i>				
State Court Fund distribution	1,500,000	1,430,000	1,442,926	12,926
Convention and tourism	594,900	1,486,600	1,486,559	(41)
Cigarette tax	108,300	85,000	82,032	(2,968)
Elections	77,000	77,000	82,808	5,808
Friend of the Court	19,900	233,900	234,143	243
Circuit Court - Trial Division	186,000	186,000	182,896	(3,104)
Circuit Court - Family Division	341,500	341,500	341,830	330
District Court	393,100	393,100	409,907	16,807
Prosecuting Attorney	30,000	30,000	21,335	(8,665)
Probate Court	147,000	147,000	148,188	1,188
Sheriff	28,000	28,000	39,680	11,680
County Clerk/Register of Deeds	3,000	3,000	2,143	(857)
<i>Total State Grants</i>	<i>3,428,700</i>	<i>4,441,100</i>	<i>4,474,447</i>	<i>33,347</i>

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</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	\$ 1,152,000	\$ 1,152,000	\$ 1,164,481	\$ 12,481
Veteran's affairs	5,000	5,000	7,704	2,704
<i>Total Local Unit Contributions</i>	<i>1,157,000</i>	<i>1,157,000</i>	<i>1,172,185</i>	<i>15,185</i>
<i>Charges for Services:</i>				
Circuit Court - Trial Division	756,100	777,300	744,000	(33,300)
Circuit Court - Family Division	121,200	121,200	112,496	(8,704)
District Court	2,119,600	2,061,600	2,139,474	77,874
Friend of the Court	145,000	151,000	164,382	13,382
Probate Court	70,500	70,500	74,591	4,091
Elections	175,000	175,000	202,462	27,462
County Clerk/Register of Deeds	2,003,300	1,813,300	1,756,041	(57,259)
Equalization	-	-	2,100	2,100
Human Resources	-	-	26	26
Prosecuting Attorney	29,000	29,000	34,273	5,273
Treasurer	102,700	102,700	108,909	6,209
Drain Commissioner	7,000	7,000	2,255	(4,745)
Sheriff	1,056,400	1,056,400	1,117,521	61,121
Animal Services and Enforcement	82,600	75,600	87,933	12,333
MSU Extension	4,500	10,500	10,500	-
Planning	1,200	1,200	1,490	290
<i>Total Charges for Services</i>	<i>6,674,100</i>	<i>6,452,300</i>	<i>6,558,453</i>	<i>106,153</i>
<i>Fines and Forfeitures:</i>				
Circuit Court - Trial Division	34,000	34,000	19,683	(14,317)
District Court	2,625,000	2,485,300	2,285,645	(199,655)
Prosecuting Attorney	54,000	54,000	60,790	6,790
Treasurer	-	-	10,115	10,115
Soil erosion	500	500	175	(325)
<i>Total Fines and Forfeitures</i>	<i>2,713,500</i>	<i>2,573,800</i>	<i>2,376,408</i>	<i>(197,392)</i>
<i>Interest - Treasurer</i>	<i>2,276,500</i>	<i>1,506,500</i>	<i>1,461,871</i>	<i>(44,629)</i>

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</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>				
Circuit Court - Trial Division	\$ 500	\$ 1,500	\$ 2,949	\$ 1,449
Circuit Court - Family Division	1,000	1,000	263	(737)
District Court	60,000	60,000	89,630	29,630
Friend of the Court	100	100	298	198
Probate Court	3,000	3,000	4,228	1,228
Family counseling services	26,000	26,000	26,580	580
County Clerk/Register of Deeds	5,000	5,000	5,923	923
Resource development	500	500	48,935	48,435
Finance	997,700	827,700	1,083,647	255,947
Indirect costs	1,000	1,000	1,196	196
Prosecuting Attorney	200	200	211	11
Treasurer	1,700	1,700	843	(857)
Drain Commissioner	499,400	464,400	556,648	92,248
Sheriff	28,000	24,300	19,156	(5,144)
Animal Services and Enforcement	-	-	29	29
Emergency management	-	-	1,023	1,023
Medical Examiner	3,000	3,000	-	(3,000)
<i>Total Other</i>	<i>1,627,100</i>	<i>1,419,400</i>	<i>1,841,559</i>	<i>422,159</i>
<i>Contributions and Donations:</i>				
County Clerk/Register of Deeds	-	-	500	500
Sheriff	-	-	2,100	2,100
Veteran's affairs	-	-	449	449
MSU Extension	5,500	5,500	5,500	-
Planning and community development	-	-	10,000	10,000
<i>Total Contributions and Donations</i>	<i>5,500</i>	<i>5,500</i>	<i>18,549</i>	<i>13,049</i>
Total Revenues	56,705,000	57,477,700	59,115,414	1,637,714

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</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	\$ 296,100	\$ 296,200	\$ 284,345	\$ 11,855
County administration	474,800	415,300	414,025	1,275
Legal services	130,100	167,000	164,026	2,974
<i>Total Legislative</i>	<i>901,000</i>	<i>878,500</i>	<i>862,396</i>	<i>16,104</i>
<i>Judicial:</i>				
Circuit Court - Administration	4,889,100	4,652,200	4,524,119	128,081
Circuit Court - Trial Division	438,800	455,700	454,668	1,032
Circuit Court - Family Division	827,300	831,700	842,736	(11,036)
District Court	5,006,300	4,886,300	4,942,988	(56,688)
Jury board	3,300	3,300	2,517	783
Probate Court	897,000	907,000	875,952	31,048
<i>Total Judicial</i>	<i>12,061,800</i>	<i>11,736,200</i>	<i>11,642,980</i>	<i>93,220</i>
<i>General Government:</i>				
Elections	534,700	541,500	477,370	64,130
County Clerk/Register of Deeds	637,300	662,100	583,955	78,145
Resource development	104,800	107,100	106,626	474
Finance	933,700	922,400	935,129	(12,729)
Equalization	443,700	382,000	375,246	6,754
Human resources	750,800	805,800	920,173	(114,373)
Prosecuting Attorney	2,284,500	2,296,900	2,244,369	52,531
Purchasing	113,600	115,900	115,876	24
Treasurer	576,200	587,400	623,952	(36,552)
Building and grounds	2,202,900	2,234,100	2,181,276	52,824
Utilities	807,000	807,000	802,414	4,586
Security	561,800	570,600	552,088	18,512
Drain Commissioner	105,000	200,600	162,228	38,372
Soil erosion and sedimentation control	75,000	76,700	73,509	3,191
Planning and community development	106,600	123,500	120,585	2,915
Appropriation to SW Michigan First	75,000	425,000	425,000	-
<i>Total General Government</i>	<i>10,312,600</i>	<i>10,858,600</i>	<i>10,699,796</i>	<i>158,804</i>

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Expenditures (Continued):				
<i>Public Safety:</i>				
Sheriff	\$ 15,070,600	\$ 15,413,800	\$ 14,856,873	\$ 556,927
Animal services and enforcement	494,300	537,000	517,221	19,779
Emergency management	198,900	208,400	215,465	(7,065)
Adult probation	72,100	72,100	52,241	19,859
<i>Total Public Safety</i>	<i>15,835,900</i>	<i>16,231,300</i>	<i>15,641,800</i>	<i>589,500</i>
<i>Health and Welfare:</i>				
Human services administration	946,900	940,200	944,666	(4,466)
Veteran's affairs	130,700	133,200	131,836	1,364
Medical examiner	424,500	427,500	364,766	62,734
Veteran's burial	45,600	45,600	67,500	(21,900)
Soldier and sailor relief	9,800	9,800	9,405	395
<i>Appropriations to:</i>				
Kalamazoo Community Mental Health and Substance Abuse Services	1,550,400	2,288,400	2,293,680	(5,280)
Public Housing	-	371,000	271,000	100,000
Michigan Department of Human Services	19,000	19,000	19,000	-
Child Care Welfare	612,100	612,100	612,100	-
<i>Total Health and Welfare</i>	<i>3,739,000</i>	<i>4,846,800</i>	<i>4,713,953</i>	<i>132,847</i>
<i>Recreation and Culture - MSU extension</i>	<i>292,400</i>	<i>305,100</i>	<i>289,719</i>	<i>15,381</i>
<i>Other:</i>				
Contingencies	400,500	1,239,700	-	1,239,700
Reserves	366,200	334,900	-	334,900
At-large drains	60,000	60,000	48,180	11,820
Retiree health insurance	2,547,600	2,547,600	2,575,000	(27,400)
DD/MI/other personnel costs	730,000	790,300	-	790,300
Insurance and surety bonds	1,100,500	1,100,500	368,273	732,227
Strategic issues	70,000	199,600	109,856	89,744
<i>Total Other</i>	<i>5,274,800</i>	<i>6,272,600</i>	<i>3,101,309</i>	<i>3,171,291</i>

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Expenditures (Concluded):				
<i>Debt Service:</i>				
Principal	\$ 361,900	\$ 361,900	\$ 367,821	\$ (5,921)
Interest and other charges	20,200	20,200	17,374	2,826
<i>Total Debt Service</i>	<i>382,100</i>	<i>382,100</i>	<i>385,195</i>	<i>(3,095)</i>
<i>Capital Outlay</i>	<i>966,100</i>	<i>4,340,700</i>	<i>2,284,064</i>	<i>2,056,636</i>
Total Expenditures	49,765,700	55,851,900	49,621,212	6,230,688
Excess of Revenues Over Expenditures	6,939,300	1,625,800	9,494,202	7,868,402
Other Financing Sources (Uses):				
Proceeds from issuance of notes	-	-	12,545	12,545
<i>Transfers In:</i>				
Revenue Sharing Reserve Fund	4,983,000	4,958,800	4,958,751	(49)
Accommodation Tax Fund	28,200	28,200	30,091	1,891
Family Planning	19,700	-	-	-
Internal Delinquent Tax Revolving Fund	1,000,000	1,000,000	1,000,000	-
Veterans' Trust Fund	12,000	12,000	12,000	-
<i>Total Transfers In</i>	<i>6,042,900</i>	<i>5,999,000</i>	<i>6,000,842</i>	<i>1,842</i>
<i>Transfers Out:</i>				
Parks and Recreation Fund	(293,200)	(303,600)	(277,849)	25,751
Friend of the Court Fund	(2,518,600)	(2,485,200)	(2,516,650)	(31,450)
G.C.P.I.	(2,830,000)	(2,830,000)	(2,830,877)	(877)
Health Fund	(2,232,600)	(2,227,600)	(1,914,460)	313,140
Law Library Fund	(42,100)	(42,100)	(42,172)	(72)
Area Agency on Aging Fund	(87,900)	(100,000)	(100,000)	-
Child Care Probate Fund	(3,909,800)	(3,592,500)	(3,222,110)	370,390
Judicial Special Grants Fund	(110,000)	(100,000)	(88,687)	11,313
Health and Welfare Special Grants Fund	(50,000)	(66,300)	(67,594)	(1,294)
Information Systems Fund	(908,000)	(943,500)	(864,945)	78,555
<i>Total Transfers Out</i>	<i>(12,982,200)</i>	<i>(12,690,800)</i>	<i>(11,925,344)</i>	<i>765,456</i>
Total Other Financing Uses	(6,939,300)	(6,691,800)	(5,911,957)	779,843
Net Change in Fund Balance	\$ -	\$ (5,066,000)	\$ 3,582,245	\$ 8,648,245

Nonmajor Governmental Funds



County of Kalamazoo, Michigan

Nonmajor Governmental Funds

Special Revenue Funds

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

Budget Stabilization Fund - This fund was established to account for funds set aside under the provisions of Public Act 30 of 1978, with the intention of assuring solid financial condition of the County in case of an emergency.

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.

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, and interfund transfers.

Accommodation Tax Fund - This fund was established to account for the collection of a 4% 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.

Substance Abuse, Alcoholism, and Drugs Fund - This fund was established to account for operation and administration of treatment and prevention programs. Funding is provided through federal and state grants and charges for services.

County of Kalamazoo, Michigan

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

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 HOPWA 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.

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.

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 public safety 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.

County of Kalamazoo, Michigan

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Concluded)

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.

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.

1998 Indian Lake/Pickerel Lake Sewage Disposal System Bonds Fund - This fund was established to account for the collection of local unit contributions and the payment of limited tax obligation debt service (principal and interest). This debt is a special assessment debt secured by a commitment from the Townships of Brady and Pavilion, issued in connection with a sanitary sewage system project.

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

County of Kalamazoo, Michigan

Nonmajor Governmental Funds (Continued)

Debt Service Funds (Concluded)

Townline Drain Debt Retirement - This fund was established to account for collection of special assessments and the payment of limited tax obligation debt service (principal and interest).

2004 Carter Bowers Intercounty Drain Note Payable Fund - This fund was established to account for the local unit contributions and the payment of the note payable debt service (principal and interest). This debt is a special assessment debt secured by the Drainage District.

Gilbert Drain Debt Retirement 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.

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

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

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

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

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

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

County of Kalamazoo, Michigan

Nonmajor Governmental Funds (Concluded)

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).

Justice Facilities Improvement Fund - This fund was established to account for renovation/small construction projects performed on the County facilities. These projects are funded primarily by General Fund appropriations.

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.

Townline Drain Construction Fund – This fund was established to account for the receipt and use of bond proceeds in connection with a drain system project for the Townline drainage District.

Carter Bowers Intercounty Drain Fund - This fund was established to account for the receipt and use of notes proceeds in connection with a drain system project for the Carter Bowers Intercounty Drain District in Kalamazoo, Branch, Calhoun, and St. Joseph Counties.

Gilbert Drain Construction Fund - This fund was established to account for the receipt and use of notes proceeds in connection with a drain system project for the Gilbert Drain District in Kalamazoo County.

Austin Lake Special Assessment Fund - This fund was established to account for the receipt and use of bond proceeds in connection with a drain system project for the Austin Lake Drainage District.

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.

2008 Townline Drain Construction Fund – This fund was established to account for the receipt and use of bond proceeds in connection with a drain system project for the Townline Drainage District.

County of Kalamazoo, Michigan

Nonmajor Governmental Funds Combining Balance Sheet

<i>December 31, 2008</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Other Governmental</i>
Assets:				
Cash	\$ 4,842,665	\$ 645,102	\$3,228,486	\$ 8,716,253
Investments	2,938,016	-	6,427,560	9,365,576
Receivables:				
Accounts/taxes	820,211	1,494,167	-	2,314,378
Unlevied assessments	-	-	19,648	19,648
Interest	-	227	1,322	1,549
Due from other governmental units	3,128,397	-	191,202	3,319,599
Other	141,127	-	-	141,127
Total Assets	\$ 11,870,416	\$2,139,496	\$9,868,218	\$ 23,878,130
 Liabilities and Fund Balance				
Liabilities:				
Checks issued against future deposits	\$ 1,905,547	\$ -	\$ -	\$ 1,905,547
Accounts payable	878,002	-	7,328	885,330
Due to governmental units	1,008,047	-	101	1,008,148
Accrued liabilities	483,268	-	-	483,268
Advances to other funds	-	-	15,052	15,052
Deferred revenue	1,622,231	1,664,369	-	3,286,600
Total Liabilities	5,897,095	1,664,369	22,481	7,583,945
Fund Balance:				
Reserved for encumbrances	31,681	-	-	31,681
Unreserved - Undesignated	5,941,640	475,127	9,845,737	16,262,504
Fund Balance	5,973,321	475,127	9,845,737	16,294,185
Total Liabilities and Fund Balance	\$ 11,870,416	\$2,139,496	\$9,868,218	\$ 23,878,130

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Other Governmental</i>
Revenues:				
Taxes	\$ 1,999,850	\$ -	\$ -	\$ 1,999,850
Licenses and permits	387,755	-	-	387,755
Federal grants	18,436,607	-	-	18,436,607
State grants	8,667,248	-	-	8,667,248
Local unit contributions	130,719	3,277,309	-	3,408,028
Donations and contributions	693,504	-	-	693,504
Charges for services	2,952,322	-	-	2,952,322
Interest and rents	74,929	17,548	174,617	267,094
Other	19,899	507,415	143,226	670,540
Total Revenues	33,362,833	3,802,272	317,843	37,482,948
Expenditures:				
Current:				
Judicial	4,404,286	-	-	4,404,286
Public safety	1,453,446	-	-	1,453,446
Public works	117,621	-	49,320	166,941
Health and welfare	31,922,883	-	-	31,922,883
Recreation and culture	2,736,495	-	-	2,736,495
Other	16,923	-	610,515	627,438
Debt service:				
Principal	-	1,781,000	-	1,781,000
Interest and other charges	-	1,598,142	-	1,598,142
Capital outlay	751,597	-	-	751,597
Total Expenditures	41,403,251	3,379,142	659,835	45,442,228
Excess (Deficiency) of Revenues Over Expenditures	(8,040,418)	423,130	(341,992)	(7,959,280)
Other Financing Sources (Uses):				
Transfers in	8,640,854	51,683	2,914,290	11,606,827
Transfers out	(218,834)	-	(125,738)	(344,572)
Issuance of bond	-	-	415,000	415,000
Bond issuance costs	-	-	(16,099)	(16,099)
Total Other Financing Sources	8,422,020	51,683	3,187,453	11,661,156
Net Change in Fund Balance	381,602	474,813	2,845,461	3,701,876
Fund Balance, beginning of year	5,591,719	314	7,000,276	12,592,309
Fund Balance, end of year	\$ 5,973,321	\$ 475,127	\$ 9,845,737	\$ 16,294,185

<i>December 31, 2008</i>	<i>Special Revenue</i>			
	<i>Budget Stabilization</i>	<i>Parks and Recreation</i>	<i>Friend of the Court</i>	<i>Health</i>
Assets:				
Cash	\$ -	\$ 103,652	\$ 75,535	\$ 226,030
Investments	2,500,000	-	-	-
Accounts receivable	-	41,649	-	632,110
Due from other governmental units	-	-	-	33,712
Other	-	1,332	154	5,686
Total Assets	\$ 2,500,000	\$ 146,633	\$ 75,689	\$ 897,538
 Liabilities and Fund Balance				
Liabilities:				
Checks issued against future deposits	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	14,661	17,149	59,562
Due to governmental units	-	-	-	683,839
Accrued liabilities	-	19,207	58,540	107,002
Deferred revenues	-	112,765	-	45,636
Total Liabilities	-	146,633	75,689	896,039
Fund Balance:				
Reserved - Encumbrances	-	-	-	14,488
Unreserved - Undesignated	2,500,000	-	-	(12,989)
Total Fund Balance	2,500,000	-	-	1,499
Total Liabilities and Fund Balance	\$ 2,500,000	\$ 146,633	\$ 75,689	\$ 897,538

County of Kalamazoo, Michigan

Nonmajor Special Revenue Funds Combining Balance Sheet

<i>Special Revenue</i>							
<i>Accom-</i> <i>modation</i> <i>Tax</i>	<i>Law</i> <i>Library</i>	<i>Area</i> <i>Agency on</i> <i>Aging</i>	<i>Substance</i> <i>Abuse,</i> <i>Alcoholism,</i> <i>and Drugs</i>	<i>Child</i> <i>Care</i> <i>Probate</i>	<i>Veterans'</i> <i>Trust</i>	<i>Community</i> <i>Healthy</i> <i>Start</i>	<i>HIV/AIDS</i> <i>HOPWA</i>
\$434,211	\$12,168	\$ -	\$ 3,423	\$ -	\$ 2,583	\$ -	\$ 37,071
-	-	-	-	-	-	-	-
-	-	9,098	-	7,115	-	-	-
-	-	361,237	-	746,283	-	113,982	-
-	-	31,615	-	93,500	-	470	-
\$434,211	\$12,168	\$ 401,950	\$ 3,423	\$ 846,898	\$ 2,583	\$ 114,452	\$ 37,071
\$ -	\$ -	\$ 217,673	\$ -	\$ 635,581	\$ -	\$ 1,549	\$ -
96,342	12,168	110,289	-	111,341	-	51,705	21,316
-	-	-	3,423	-	-	618	15,755
-	-	7,903	-	99,976	-	3,999	-
-	-	43,604	-	-	2,583	56,515	-
96,342	12,168	379,469	3,423	846,898	2,583	114,386	37,071
3,500	-	252	-	-	-	-	-
334,369	-	22,229	-	-	-	66	-
337,869	-	22,481	-	-	-	66	-
\$434,211	\$12,168	\$ 401,950	\$ 3,423	\$ 846,898	\$ 2,583	\$ 114,452	\$ 37,071

<i>December 31, 2008</i>	<i>Special Revenue</i>			
	<i>Community Corrections</i>	<i>W.I.A.</i>	<i>Head Start</i>	<i>Judicial Special Grants</i>
Assets:				
Cash	\$336,478	\$ -	\$ -	\$ 54,303
Investments	-	-	-	-
Accounts receivable	-	-	9,200	35,189
Due from other governmental units	67,711	-	716,507	421,798
Other	2,339	-	1,082	-
Total Assets	\$406,528	\$ -	\$ 726,789	\$ 511,290
Liabilities and Fund Balance				
Liabilities:				
Checks issued against future deposits	\$ -	\$ -	\$ 305,047	\$ 368,309
Accounts payable	21,584	-	82,887	90,371
Due to governmental units	7,581	-	-	13,606
Accrued liabilities	8,571	-	81,306	22,777
Deferred revenues	15,137	-	256,248	16,228
Total Liabilities	52,873	-	725,488	511,291
Fund Balance:				
Reserved - Encumbrances	-	-	3,500	-
Unreserved - Undesignated	353,654	-	(2,199)	-
Total Fund Balance	353,654	-	1,301	-
Total Liabilities and Fund Balance	\$406,527	\$ -	\$ 726,789	\$ 511,291

County of Kalamazoo, Michigan

Nonmajor Special Revenue Funds Combining Balance Sheet (Concluded)

<i>Special Revenue</i>					
<i>Public Safety Special Grants</i>	<i>Public Works Special Grants</i>	<i>Health and Welfare Special Grants</i>	<i>Other Special Grants</i>	<i>Capital Outlay Special Grants</i>	<i>Total Special Revenue</i>
\$ 954,829	\$ 1,342	\$1,838,097	\$ 5,821	\$ 757,122	\$ 4,842,665
-	-	-	-	438,016	2,938,016
-	-	85,850	-	-	820,211
297,759	70,139	295,669	-	3,600	3,128,397
-	-	3,754	-	1,195	141,127
\$1,252,588	\$ 71,481	\$2,223,370	\$ 5,821	\$ 1,199,933	\$ 11,870,416
\$ 170,887	\$ 64,937	\$ 137,964	\$ -	\$ 3,600	\$ 1,905,547
57,299	2,839	127,158	-	1,331	878,002
14,517	2,363	266,345	-	-	1,008,047
12,458	-	61,529	-	-	483,268
186,724	-	886,791	-	-	1,622,231
441,885	70,139	1,479,787	-	4,931	5,897,095
-	-	9,941	-	-	31,681
810,703	1,342	733,642	5,821	1,195,002	5,941,640
810,703	1,342	743,583	5,821	1,195,002	5,973,321
\$1,252,588	\$ 71,481	\$2,223,370	\$ 5,821	\$ 1,199,933	\$ 11,870,416

Special Revenue

<i>Year Ended December 31, 2008</i>	<i>Budget Stabilization</i>	<i>Parks and Recreation</i>	<i>Friend of the Court</i>	<i>Health</i>	<i>Accom- modation Tax</i>
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$1,999,850
Licenses and permits	-	-	-	387,755	-
Federal grants	-	-	290,184	325,718	-
State grants	-	-	-	1,270,363	-
Local unit contributions	-	-	-	46,755	-
Donations and contributions	-	110,158	-	554	-
Charges for services	-	659,109	64,984	1,684,478	-
Interest	-	18,125	-	-	-
Other	-	3,194	(11,465)	179	-
Total Revenues	-	790,586	343,703	3,715,802	1,999,850
Expenditures:					
Current:					
Judicial	-	-	2,880,353	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	5,666,262	-
Recreation and culture	-	1,117,058	-	-	1,619,437
Other expenditures	-	-	-	-	-
Capital outlay	-	11,883	-	6,275	115,353
Total Expenditures	-	1,128,941	2,880,353	5,672,537	1,734,790
Excess (Deficiency) of Revenues Over Expenditures	-	(338,355)	(2,536,650)	(1,956,735)	265,060
Other Financing Sources (Uses):					
Transfers in	-	364,106	2,536,650	1,956,735	-
Transfers out	-	(25,751)	-	-	(116,348)
Total Other Financing Sources (Uses)	-	338,355	2,536,650	1,956,735	(116,348)
Net Change in Fund Balance	-	-	-	-	148,712
Fund Balance, beginning of year	2,500,000	-	-	1,499	189,157
Fund Balance, end of year	\$2,500,000	\$ -	\$ -	\$ 1,499	\$ 337,869

County of Kalamazoo, Michigan

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

<i>Special Revenue</i>						
<i>Law Library</i>	<i>Area Agency on Aging</i>	<i>Substance Abuse, Alcoholism</i>	<i>Child Care Probate</i>	<i>Veterans' Trust</i>	<i>Community Healthy Start</i>	<i>HIV/AIDS HOPWA</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	916,701	-	75,946	-	595,638	-
-	710,024	-	3,097,290	35,166	-	-
-	-	-	83,964	-	-	-
-	33,144	-	-	-	-	-
-	17,865	-	35,803	-	182	-
-	-	-	-	-	-	-
6,500	1,192	-	15	-	-	-
6,500	1,678,926	-	3,293,018	35,166	595,820	-
48,672	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,778,926	-	6,552,421	23,166	595,820	-
-	-	-	-	-	-	-
-	-	-	10,000	-	-	-
-	-	-	123,078	-	-	-
48,672	1,778,926	-	6,685,499	23,166	595,820	-
(42,172)	(100,000)	-	(3,392,481)	12,000	-	-
42,172	100,000	-	3,392,481	-	-	-
-	-	-	-	(12,000)	-	-
42,172	100,000	-	3,392,481	(12,000)	-	-
-	-	-	-	-	-	-
-	22,481	-	-	-	66	-
\$ -	\$ 22,481	\$ -	\$ -	\$ -	\$ 66	\$ -

Special Revenue

<i>Year Ended December 31, 2008</i>	<i>Community Corrections</i>	<i>W.I.A.</i>	<i>Head Start</i>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Federal grants	-	7,300,037	4,758,523
State grants	429,751	762,201	-
Local unit contributions	-	-	-
Donations and contributions	-	-	21,595
Charges for services	202,107	-	-
Interest	-	-	-
Other	-	-	3,038
Total Revenues	631,858	8,062,238	4,783,156
Expenditures:			
Current:			
Judicial	-	-	-
Public safety	653,749	-	-
Public works	-	-	-
Health and welfare	-	8,062,238	4,653,438
Recreation and culture	-	-	-
Other expenditures	-	-	-
Capital outlay	-	-	129,718
Total Expenditures	653,749	8,062,238	4,783,156
Excess (Deficiency) of Revenues Over Expenditures	(21,891)	-	-
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(21,891)	-	-
Fund Balance, beginning of year	375,545	-	1,301
Fund Balance, end of year	\$ 353,654	\$ -	\$ 1,301

County of Kalamazoo, Michigan

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

<i>Special Revenue</i>						
<i>Judicial Special Grants</i>	<i>Public Safety Special Grants</i>	<i>Public Works Special Grants</i>	<i>Health and Welfare Special Grants</i>	<i>Other Special Grants</i>	<i>Capital Outlay Special Grants</i>	<i>Total Special Revenue</i>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,999,850
-	-	-	-	-	-	387,755
674,361	493,747	-	3,005,752	-	-	18,436,607
510,867	588,337	117,541	1,145,708	-	-	8,667,248
-	-	-	-	-	-	130,719
155,882	4,000	-	368,171	-	-	693,504
47,520	-	-	38,665	-	201,609	2,952,322
-	-	-	34,579	-	22,225	74,929
-	4,444	-	12,802	-	-	19,899
1,388,630	1,090,528	117,541	4,605,677	-	223,834	33,362,833
1,475,261	-	-	-	-	-	4,404,286
-	799,697	-	-	-	-	1,453,446
-	-	117,621	-	-	-	117,621
-	-	-	4,590,612	-	-	31,922,883
-	-	-	-	-	-	2,736,495
-	-	-	-	6,923	-	16,923
2,056	186,979	-	36,413	-	139,842	751,597
1,477,317	986,676	117,621	4,627,025	6,923	139,842	41,403,251
(88,687)	103,852	(80)	(21,348)	(6,923)	83,992	(8,040,418)
88,687	44,217	-	90,055	-	25,751	8,640,854
-	-	-	(64,735)	-	-	(218,834)
88,687	44,217	-	25,320	-	25,751	8,422,020
-	148,069	(80)	3,972	(6,923)	109,743	381,602
-	662,634	1,422	739,611	12,744	1,085,259	5,591,719
\$ -	\$ 810,703	\$ 1,342	\$ 743,583	\$ 5,821	\$ 1,195,002	\$ 5,973,321

County of Kalamazoo, Michigan

Nonmajor Debt Service Funds Combining Balance Sheet

	<i>Debt Service</i>			<i>Total Debt Service</i>
	<i>2007 Austin Lake Bond Fund</i>	<i>2007 Juvenile Home Bond Fund</i>	<i>2008 Townline Drain Bond Fund</i>	
December 31, 2008				
Assets:				
Cash	\$ 225,955	\$ 363,317	\$ 55,830	\$ 645,102
Receivables:				
Interest	107	93	27	227
Taxes	-	1,494,167	-	1,494,167
Total Assets	\$ 226,062	\$ 1,857,577	\$ 55,857	\$ 2,139,496
 Liabilities and Fund Balance				
Liabilities -				
Deferred revenue	\$ -	\$ 1,664,369	\$ -	\$ 1,664,369
Fund Balance -				
Undesignated	226,062	193,208	55,857	475,127
Total Liabilities and Fund Balance	\$ 226,062	\$ 1,857,577	\$ 55,857	\$ 2,139,496

County of Kalamazoo, Michigan

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

<i>Debt Service</i>							
<i>Gilbert Drain Debt Retire- ment</i>	<i>2004 Texas Township Sewage Disposal System Refunding Bonds</i>	<i>2005 Comstock Sewage Disposal</i>	<i>2005 Village of Augusta Water Supply</i>	<i>2007 Austin Lake Bond</i>	<i>2007 Juvenile Home Bond</i>	<i>2008 Townline Drain</i>	<i>Total Debt Service</i>
\$ -	\$ -	\$ -	\$ -	\$ 1,687	\$ 15,617	\$ 244	\$ 17,548
-	425,863	189,788	44,642	-	1,589,168	-	3,277,309
-	-	-	-	445,575	-	61,840	507,415
-	425,863	189,788	44,642	447,262	1,604,785	62,084	3,802,272
-	365,000	160,000	30,000	200,000	270,000	-	1,781,000
18,662	60,863	29,788	14,642	21,200	1,141,891	6,227	1,598,142
18,662	425,863	189,788	44,642	221,200	1,411,891	6,227	3,379,142
(18,662)	-	-	-	226,062	192,894	55,857	423,130
18,662	-	-	-	-	-	-	51,683
-	-	-	-	226,062	192,894	55,857	474,813
-	-	-	-	-	314	-	314
\$ -	\$ -	\$ -	\$ -	\$226,062	\$ 193,208	\$55,857	\$ 475,127

Capital Projects

<i>December 31, 2008</i>	<i>Justice Facilities Improvement</i>	<i>Drains</i>	<i>Townline Drain Construction</i>	<i>Carter Bowers Intercounty Drain</i>
Assets:				
Cash	\$ 3,016,943	\$ -	\$ -	\$ 2,732
Investments	6,427,560	-	-	-
Receivables:				
Interest	1,187	-	-	-
Unlevied assessments	-	19,648	-	-
Due from other governmental units	191,202	-	-	-
Total Assets	\$ 9,636,892	\$19,648	\$ -	\$ 2,732
 Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$ 4,596	\$ -	\$ 2,732
Due to other governmental units	-	-	-	-
Advance from other funds	-	15,052	-	-
Total Liabilities	-	19,648	-	2,732
Fund Balance -				
Undesignated	9,636,892	-	-	-
Total Liabilities and Fund Balance	\$ 9,636,892	\$19,648	\$ -	\$ 2,732

County of Kalamazoo, Michigan

Nonmajor Capital Projects Funds Combining Balance Sheet

<i>Capital Projects</i>				
<i>Gilbert Drain Construction</i>	<i>Austin Lake Special Assessment</i>	<i>Oshtemo Township Water Supply System Construction</i>	<i>2008 Townline Drain Construction</i>	<i>Total Capital Projects</i>
\$ 118,541	\$ 41,974	\$ 28,811	\$ 19,485	\$ 3,228,486
-	-	-	-	6,427,560
57	21	-	57	1,322
-	-	-	-	19,648
-	-	-	-	191,202
\$ 118,598	\$ 41,995	\$ 28,811	\$ 19,542	\$ 9,868,218
-	-	-	-	\$ 7,328
-	-	-	101	101
-	-	-	-	15,052
-	-	-	101	22,481
118,598	41,995	28,811	19,441	9,845,737
\$ 118,598	\$ 41,995	\$ 28,811	\$ 19,542	\$ 9,868,218

Capital Projects				
Year Ended December 31, 2008	Justice Facilities Improvement	Drains	Townline Drain Construction	Carter Bowers Intercounty Drain
Revenues:				
Interest	\$ 162,995	\$ -	\$ 1,044	\$ -
Other	-	(61,714)	-	31,516
Total Revenues	162,995	(61,714)	1,044	31,516
Expenditures:				
Public works	7,382	21,699	-	2,732
Other	-	-	-	-
Total Expenditures	7,382	21,699	-	2,732
Excess (Deficiency) of Revenues Over Expenditures	155,613	(83,413)	1,044	28,784
Other Financing Sources (Uses):				
Transfers in	2,830,877	83,413	-	-
Transfers out	-	-	(3,196)	(29,825)
Issuance of bond	-	-	-	-
Bond issuance costs	-	-	-	-
Total Other Financing Sources (Uses)	2,830,877	83,413	(3,196)	(29,825)
Net Change in Fund Balance	2,986,490	-	(2,152)	(1,041)
Fund Balance, beginning of year	6,650,402	-	2,152	1,041
Fund Balance, end of year	\$ 9,636,892	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

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

<i>Capital Projects</i>				
<i>Gilbert Drain Construction</i>	<i>Austin Lake Special Assessment</i>	<i>Oshtemo Township Water Supply System Construction</i>	<i>2008 Townline Drain Construction</i>	<i>Total Capital Projects</i>
\$ 3,017	\$ 3,633	\$ -	\$ 3,928	\$ 174,617
-	2	-	173,422	143,226
3,017	3,635	-	177,350	317,843
17,507	-	-	-	49,320
-	127,760	-	482,755	610,515
17,507	127,760	-	482,755	659,835
(14,490)	(124,125)	-	(305,405)	(341,992)
-	-	-	-	2,914,290
(18,662)	-	-	(74,055)	(125,738)
-	-	-	415,000	415,000
-	-	-	(16,099)	(16,099)
(18,662)	-	-	324,846	3,187,453
(33,152)	(124,125)	-	19,441	2,845,461
151,750	166,120	28,811	-	7,000,276
\$ 118,598	\$ 41,995	\$ 28,811	\$ 19,441	\$ 9,845,737

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Other	\$ -	\$ -	\$ -	\$ -
Expenditures -				
Other	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	2,500,000	2,500,000	2,500,000	-
Fund Balance, end of year	\$2,500,000	\$ 2,500,000	\$ 2,500,000	\$ -

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Donations and contributions	\$ 56,200	\$ 167,900	\$ 110,158	\$ (57,742)
Charges for services	650,300	645,500	659,109	13,609
Interest and rents	17,500	17,500	18,125	625
Other	-	-	3,194	3,194
Total Revenues	724,000	830,900	790,586	(40,314)
Expenditures:				
Recreation and culture	1,105,200	1,199,500	1,117,058	82,442
Capital outlay	-	23,000	11,883	11,117
Total Expenditures	1,105,200	1,222,500	1,128,941	93,559
Excess (Deficiency) of Revenues Over Expenditures	(381,200)	(391,600)	(338,355)	53,245
Other Financing Sources (Uses):				
Transfers in:				
General Fund	293,200	303,600	277,849	(25,751)
Accommodation Tax Fund	88,000	88,000	86,257	(1,743)
Transfers out -				
Parks Improvement Fund	-	-	(25,751)	(25,751)
Total Other Financing Sources	381,200	391,600	338,355	(53,245)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ 300,100	\$ 300,100	\$ 290,184	\$ (9,916)
Charges for services	145,500	70,500	64,984	(5,516)
Other	-	-	(11,465)	(11,465)
Total Revenues	445,600	370,600	343,703	(26,897)
Expenditures -				
Judicial	2,984,200	2,875,800	2,880,353	(4,553)
Deficiency of Revenues Over Expenditures				
	(2,538,600)	(2,505,200)	(2,536,650)	(31,450)
Other Financing Sources -				
Transfers in:				
General Fund	2,518,600	2,485,200	2,516,650	31,450
Law Enforcement Fund	20,000	20,000	20,000	-
Total Other Financing Sources	2,538,600	2,505,200	2,536,650	31,450
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

Health Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Licenses and permits	\$ 401,700	\$ 374,100	\$ 387,755	\$ 13,655
Federal grants	233,500	334,200	325,718	(8,482)
State grants	1,262,500	1,268,800	1,270,363	1,563
Local unit contributions	46,000	51,500	46,755	(4,745)
Donations and contributions	-	9,600	554	(9,046)
Charges for services	1,495,500	1,472,300	1,684,478	212,178
Other revenues	-	100	179	79
Total Revenues	3,439,200	3,510,600	3,715,802	205,202
Expenditures:				
Health and welfare	5,669,800	5,775,800	5,666,262	109,538
Capital outlay	2,000	14,900	6,275	8,625
Total Expenditures	5,671,800	5,790,700	5,672,537	118,163
Excess (Deficiency) of Revenues Over Expenditures	(2,232,600)	(2,280,100)	(1,956,735)	323,365
Other Financing Sources -				
Transfers in:				
General Fund	2,232,600	2,227,600	1,914,461	(313,139)
Community Health Assessment	-	14,100	3,763	(10,337)
Tobacco Reduction	-	13,000	13,021	21
Minority Health	-	4,900	4,922	22
Cardiovascular Disease Grants	-	19,800	19,874	74
Substance Abuse Fund	-	700	694	(6)
Total Other Financing Sources	2,232,600	2,280,100	1,956,735	(323,365)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	1,499	1,499	1,499	-
Fund Balance, end of year	\$ 1,499	\$ 1,499	\$ 1,499	\$ -

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Taxes	\$ 1,876,700	\$ 1,876,700	\$ 1,999,850	\$ 123,150
Expenditures:				
Recreation and culture	1,536,300	1,536,300	1,619,437	(83,137)
Capital outlay	224,200	224,200	115,353	108,847
Total Expenditures	1,760,500	1,760,500	1,734,790	25,710
Excess of Revenues Over Expenditures	116,200	116,200	265,060	148,860
Other Financing Uses -				
Transfers out:				
General Fund	(28,200)	(28,200)	(30,091)	(1,891)
Parks and Recreation Fund	(88,000)	(88,000)	(86,257)	1,743
Total Other Financing Uses	(116,200)	(116,200)	(116,348)	(148)
Net Change in Fund Balance	-	-	148,712	148,712
Fund Balance, beginning of year	189,157	189,157	189,157	-
Fund Balance, end of year	\$ 189,157	\$ 189,157	\$ 337,869	\$ 148,712

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</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	48,600	48,600	48,672	(72)
Deficiency of Revenues Over Expenditures	(42,100)	(42,100)	(42,172)	(72)
Other Financing Sources -				
Transfers in - General Fund	42,100	42,100	42,172	72
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ 924,563	\$ 924,563	\$ 916,701	\$ (7,862)
State grants	722,135	722,135	710,024	(12,111)
Donations and contributions	68,012	68,012	33,144	(34,868)
Charges for services	25,268	25,268	17,865	(7,403)
Other	-	-	1,192	1,192
Total Revenues	1,739,978	1,739,978	1,678,926	(61,052)
Expenditures -				
Health and welfare	1,814,799	1,814,799	1,778,926	35,873
Deficiency of Revenues Over Expenditures	(74,821)	(74,821)	(100,000)	(25,179)
Other Financing Sources -				
Transfers in - General Fund	74,821	74,821	100,000	25,179
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	22,481	22,481	22,481	-
Fund Balance, end of year	\$ 22,481	\$ 22,481	\$ 22,481	\$ -

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ 76,300	\$ 76,300	\$ 75,946	\$ (354)
State grants	2,985,000	3,015,000	3,097,290	82,290
Local unit contributions	120,000	120,000	83,964	(36,036)
Charges for services	24,000	24,000	35,803	11,803
Other	3,500	6,900	15	(6,885)
Total Revenues	3,208,800	3,242,200	3,293,018	50,818
Expenditures:				
Health and welfare	7,264,300	6,878,600	6,552,421	326,179
Other expenditures	20,000	10,000	10,000	-
Capital outlay	-	111,800	123,078	(11,278)
Total Expenditures	7,284,300	7,000,400	6,685,499	314,901
Excess (Deficiency) of Revenues Over Expenditures	(4,075,500)	(3,758,200)	(3,392,481)	365,719
Other Financing Sources -				
Transfers in:				
General Fund	3,909,800	3,592,500	3,222,110	(370,390)
Law Enforcement Fund	165,700	165,700	170,371	4,671
Total Other Financing Sources	4,075,500	3,758,200	3,392,481	(365,719)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
State grants	\$ 24,800	\$ 24,800	\$ 35,166	\$ (10,366)
Expenditures -				
Health and welfare	12,800	12,800	23,166	(10,366)
Excess of Revenues Over Expenditures	12,000	12,000	12,000	-
Other Financing Uses -				
Transfers out - General Fund	(12,000)	(12,000)	(12,000)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ 615,744	\$ 615,744	\$ 595,638	\$ (20,106)
Donations and contributions	-	-	182	182
Total Revenues	615,744	615,744	595,820	(19,924)
Expenditures -				
Health and welfare	615,744	615,744	595,820	19,924
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	66	66	66	-
Fund Balance, end of year	\$ 66	\$ 66	\$ 66	\$ -

County of Kalamazoo, Michigan

HIV/AIDS HOPWA Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Federal grants	\$ -	\$ -	\$ -	\$ -
Expenditures -				
Health and welfare	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
State grants	\$ 453,806	\$ 453,806	\$ 429,751	\$ (24,055)
Charges for services	245,000	245,000	202,107	(42,893)
Total Revenues	698,806	698,806	631,858	(66,948)
Expenditures -				
Public safety	698,806	698,806	653,749	45,057
Net Change in Fund Balance	-	-	(21,891)	(21,891)
Fund Balance, beginning of year	375,545	375,545	375,545	-
Fund Balance, end of year	\$375,545	\$ 375,545	\$ 353,654	\$ (21,891)

County of Kalamazoo, Michigan

Workforce 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, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ 8,992,757	\$ 8,992,757	\$ 7,300,037	\$ (1,692,720)
State grants			762,201	762,201
Total Revenues	8,992,757	8,992,757	8,062,238	(930,519)
Expenditures -				
Health and welfare	8,992,757	8,992,757	8,062,238	930,519
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

Head Start Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$4,587,015	\$ 4,587,015	\$ 4,758,523	\$ 171,508
Donations and contributions	1,600	1,600	21,595	19,995
Other	-	-	3,038	3,038
Total Revenues	4,588,615	4,588,615	4,783,156	194,541
Expenditures:				
Health and welfare	4,588,615	4,588,615	4,653,438	(64,823)
Capital outlay	-	-	129,718	(129,718)
Total Expenditures	4,588,615	4,588,615	4,783,156	(194,541)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	1,301	1,301	1,301	-
Fund Balance, end of year	\$ 1,301	\$ 1,301	\$ 1,301	\$ -

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ 975,257	\$ 975,257	\$ 674,361	\$ (300,896)
State grants	537,613	537,613	510,867	(26,746)
Donations and contributions	163,735	163,735	155,882	(7,853)
Charges for services	44,259	44,259	47,520	3,261
Total Revenues	1,720,864	1,720,864	1,388,630	(332,234)
Expenditures:				
Judicial	1,896,071	1,896,071	1,475,261	420,810
Capital outlay	4,500	4,500	2,056	2,444
Total Expenditures	1,900,571	1,900,571	1,477,317	423,254
Excess (Deficiency) of Revenues Over Expenditures	(179,707)	(179,707)	(88,687)	91,020
Other Financing Sources -				
Transfers in - General Fund	179,707	179,707	88,687	(91,020)
Net Change in Fund Balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund Balance, end of year	\$ -	\$ -	\$ -	\$ -

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ 960,282	\$ 960,282	\$ 493,747	\$ (466,535)
State grants	747,230	747,230	588,337	(158,893)
Donations and contributions	5,000	5,000	4,000	(1,000)
Other	-	-	4,444	4,444
Total Revenues	1,712,512	1,712,512	1,090,528	(621,984)
Expenditures:				
Public safety	984,942	984,942	799,697	185,245
Capital outlay	771,788	771,788	186,979	584,809
Total Expenditures	1,756,730	1,756,730	986,676	770,054
Excess (Deficiency) of Revenues Over Expenditures	(44,218)	(44,218)	103,852	148,070
Other Financing Sources -				
Transfers in - Law Enforcement Fund	44,218	44,218	44,217	(1)
Net Change in Fund Balance	-	-	148,069	148,069
Fund Balance, beginning of year	662,634	662,634	662,634	-
Fund Balance, end of year	\$ 662,634	\$ 662,634	\$ 810,703	\$ 148,069

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
State grants	\$ -	\$ 118,504	\$ 117,541	\$ (963)
Other revenues	1,400	1,400	-	(1,400)
Total Revenues	1,400	119,904	117,541	(2,363)
Expenditures -				
Public works	1,400	119,904	117,621	2,283
Deficiency of Revenues Over Expenditures				
	-	-	(80)	(80)
Net Change in Fund Balance	-	-	(80)	(80)
Fund Balance, beginning of year	1,422	1,422	1,422	-
Fund Balance, end of year	\$ 1,422	\$ 1,422	\$ 1,342	\$ (80)

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Federal grants	\$ 3,097,334	\$ 3,097,334	\$ 3,005,752	\$ (91,582)
State grants	1,875,255	1,875,255	1,145,708	(729,547)
Local unit contributions	16,771	16,771	-	(16,771)
Donations and contributions	990,671	990,671	368,171	(622,500)
Charges for services	36,100	36,100	38,665	2,565
Interest and rents	-	-	34,579	34,579
Other	102,280	102,280	12,802	(89,478)
Total Revenues	6,118,411	6,118,411	4,605,677	(1,512,734)
Expenditures:				
Health and welfare	6,103,126	6,103,126	4,590,612	1,512,514
Capital outlay	54,513	54,513	36,413	18,100
Total Expenditures	6,157,639	6,157,639	4,627,025	1,530,614
Excess (Deficiency) of Revenues Over Expenditures	(39,228)	(39,228)	(21,348)	17,880
Other Financing Sources (Uses):				
Transfers in:				
General Fund	77,900	77,900	67,594	(10,306)
Family Planning	3,500	3,500	8,545	5,045
EMMSS/MIHAS	7,178	7,178	7,103	(75)
Cardiovascular Disease	6,650	6,650	6,653	3
Community Health Assessment	-	-	160	160
Transfers out:				
NFP Grant	(3,500)	(3,500)	(8,545)	(5,045)
STD Control	-	-	(7,103)	(7,103)
Cardiovascular Disease	-	-	(6,813)	(6,813)
Healthy Start	-	-	(13,021)	(13,021)
Health Special Revenue Fund	(52,500)	(52,500)	(29,253)	23,247
Total Other Financing Sources	39,228	39,228	25,320	(13,908)
Net Change in Fund Balance	-	-	3,972	3,972
Fund Balance, beginning of year	739,611	739,611	739,611	-
Fund Balance, end of year	\$ 739,611	\$ 739,611	\$ 743,583	\$ 3,972

County of Kalamazoo, Michigan

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

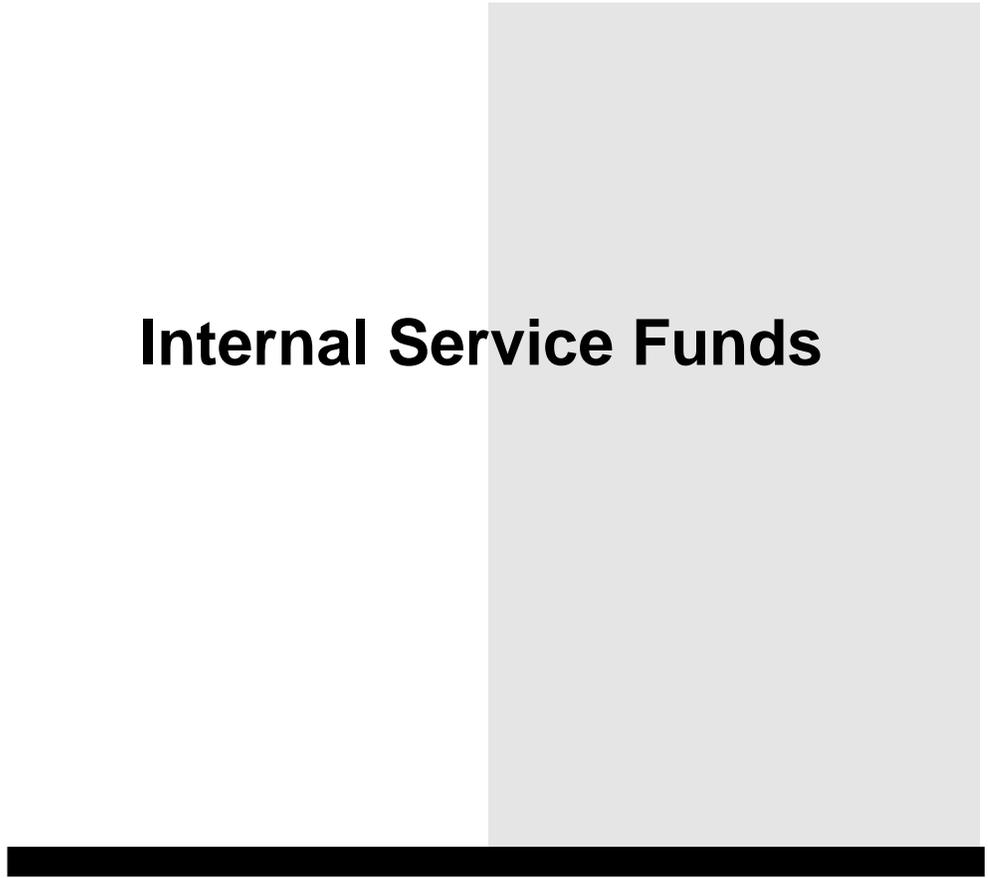
<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues -				
Other revenues	\$ 12,700	\$ 12,700	\$ -	\$ (12,700)
Expenditures -				
Other	12,700	12,700	6,923	5,777
Net Change in Fund Balance	-	-	(6,923)	(6,923)
Fund Balance, beginning of year	12,744	12,744	12,744	-
Fund Balance, end of year	\$ 12,744	\$ 12,744	\$ 5,821	\$ (6,923)

County of Kalamazoo, Michigan

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

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Charges for services	\$ 225,000	\$ 225,000	\$ 201,609	\$ (23,391)
Interest and revenues	17,000	17,000	22,225	5,225
Total Revenues	242,000	242,000	223,834	(18,166)
Expenditures:				
Other expenditures	-	12,000	-	12,000
Capital outlay	242,000	230,000	139,842	90,158
Total Expenditures	242,000	242,000	139,842	102,158
Excess of Revenues Over Expenditures	-	-	83,992	83,992
Other Financing Sources -				
Transfers in - Parks and Recreation Fund	-	-	25,751	25,751
Net Change in Fund Balance	-	-	109,743	109,743
Fund Balance, beginning of year	1,085,259	1,085,259	1,085,259	-
Fund Balance, end of year	\$ 1,085,259	\$ 1,085,259	\$ 1,195,002	\$ 109,743

Internal Service Funds



County of Kalamazoo, Michigan

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.

Information Systems Fund - This fund was established to account for the costs to maintain financial, management computer systems, and application software used by departments of the primary government. Funding is provided through charges to benefited departments and interfund transfers.

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.

<i>December 31, 2008</i>	<i>Employee Benefits</i>	<i>Information Systems</i>	<i>Technology</i>
Assets:			
Cash	\$5,267,229	\$ 470,660	\$1,315,876
Investments	3,500,000	-	-
Receivables - Accounts	202,041	-	-
Accrued interest	59,525	-	-
Inventories	-	-	7,584
Prepaid items	-	-	68,356
Total Current Assets	9,028,795	470,660	1,391,816
Property, Plant, and Equipment, net of accumulated depreciation	-	25,912	212,583
Total Assets	\$9,028,795	\$ 496,572	\$1,604,399
Liabilities and Net Assets			
Liabilities:			
Accounts payable	\$ 426,356	\$ 408	\$ 1,476
Due to other funds	29,360	-	-
Accrued liabilities	226,007	118,705	-
Liability for estimated claims	827,786	-	-
Deposits payable	48,139	-	-
Total Liabilities	1,557,648	119,113	1,476
Net Assets:			
Investment in capital assets, net of related debt	-	25,912	212,583
Unrestricted	7,471,147	351,547	1,390,340
Total Net Assets	7,471,147	377,459	1,602,923
Total Liabilities and Net Assets	\$9,028,795	\$ 496,572	\$1,604,399

County of Kalamazoo, Michigan

Combining Statement of Net Assets Internal Service Funds

<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Total</i>
\$ 231,353	\$ 20,641	\$ 1,978	\$ 7,307,737
-	-	-	3,500,000
155	1,851	-	204,047
-	-	-	59,525
154	107,804	-	115,542
360	-	-	68,716
232,022	130,296	1,978	11,255,567
194,534	10,180	-	443,209
\$ 426,556	\$140,476	\$ 1,978	\$ 11,698,776
\$ 57,624	\$ 21,822	\$ -	\$ 507,686
-	-	-	29,360
7,231	12,241	1,978	366,162
-	-	-	827,786
-	6,684	-	54,823
64,855	40,747	1,978	1,785,817
194,534	10,180	-	443,209
167,167	89,549	-	9,469,750
361,701	99,729	-	9,912,959
\$ 426,556	\$140,476	\$ 1,978	\$ 11,698,776

<i>Year Ended December 31, 2008</i>	<i>Employee Benefits</i>	<i>Information Systems</i>	<i>Technology</i>
Operating Revenues -			
Charges for services	\$ 20,146,404	\$ 83,310	\$ 668,863
Operating Expenses:			
Operating expenses	-	924,062	246,434
Depreciation and amortization	-	24,193	138,836
Employee benefits	17,823,417	-	-
Total Operating Expenses	17,823,417	948,255	385,270
Operating Income (Loss)	2,322,987	(864,945)	283,593
Transfers In - General Fund	-	864,945	-
Change in Net Assets	2,322,987	-	283,593
Net Assets, beginning of year	5,148,160	377,459	1,319,330
Net Assets, end of year	\$ 7,471,147	\$ 377,459	\$1,602,923

County of Kalamazoo, Michigan

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

<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Total</i>
\$ 802,825	\$ 1,123,525	\$154,086	\$ 22,979,013
801,368	1,105,603	154,086	3,231,553
7,599	3,177	-	173,805
-	-	-	17,823,417
808,967	1,108,780	154,086	21,228,775
(6,142)	14,745	-	1,750,238
-	-	-	864,945
(6,142)	14,745	-	2,615,183
367,843	84,984	-	7,297,776
\$ 361,701	\$ 99,729	\$ -	\$ 9,912,959

<i>Year Ended December 31, 2008</i>	<i>Employee Benefits</i>	<i>Information Systems</i>	<i>Technology</i>
Operating Activities:			
Cash received from interfund services provided	\$20,184,163	\$ 83,310	\$ 668,863
Cash paid to employees	(630,122)	(646,040)	-
Cash paid for interfund services used	(691,681)	(241,124)	-
Cash paid to suppliers	(17,359,537)	(30,330)	(273,632)
Cash Provided by (Used in) Operating Activities	1,502,823	(834,184)	395,231
Cash Provided by Investing Activities -			
Purchase of investments	798,778	-	-
Cash Provided by Non-Capital Financing Activities -			
Transfers from other funds	-	864,945	-
Cash Used in Capital and Related Financing Activities -			
Acquisition of capital assets	-	-	(11,631)
Net Increase (Decrease) in Cash	2,301,601	30,761	383,600
Cash, beginning of year	2,965,628	439,899	932,276
Cash, end of year	\$ 5,267,229	\$ 470,660	\$1,315,876

Reconciliation of Operating Income (Loss) to

Cash Provided by (Used in) Operating Activities:

Operating income (loss)	\$ 2,322,987	\$ (864,945)	\$ 283,593
Depreciation and amortization	-	24,193	138,836
Changes in assets and liabilities:			
(Increase) decrease in:	-	-	-
Accounts receivable	61,139	-	-
Interest receivable	(23,380)	-	-
Inventories	-	-	(7,584)
Prepaid items	80,717	-	818
Increase (decrease) in:			
Accounts payable	(141,288)	83	(20,432)
Due to other funds	4,112	-	-
Accrued expenses	131,392	6,485	-
Liability for estimated claims	(953,586)	-	-
Deposits payable	20,730	-	-
Cash Provided by (Used in) Operating Activities	\$ 1,502,823	\$ (834,184)	\$ 395,231

County of Kalamazoo, Michigan

Combining Statement of Cash Flows Internal Service Funds

<i>Nazareth Facility</i>	<i>Central Stores</i>	<i>HSD Personnel Pool</i>	<i>Total</i>
\$ 802,698	\$ 1,121,674	\$ 154,086	\$ 23,014,794
(220,786)	(119,809)	(62,585)	(1,679,342)
(137,363)	(44,233)	(39,911)	(1,154,312)
(427,190)	(954,024)	(51,685)	(19,096,398)
17,359	3,608	(95)	1,084,742
-	-	-	798,778
-	-	-	864,945
(104,164)	-	-	(115,795)
(86,805)	3,608	(95)	2,632,670
318,158	17,033	2,073	4,675,067
\$ 231,353	\$ 20,641	\$ 1,978	\$ 7,307,737
\$ (6,142)	\$ 14,745	\$ -	\$ 1,750,238
7,599	3,177	-	173,805
(127)	(1,851)	-	59,161
-	-	-	(23,380)
-	4,355	-	(3,229)
(27)	-	-	81,508
26,323	(17,688)	(665)	(153,667)
-	-	-	4,112
(10,267)	1,186	570	129,366
-	-	-	(953,586)
-	(316)	-	20,414
\$ 17,359	\$ 3,608	\$ (95)	\$ 1,084,742

County of Kalamazoo, Michigan

Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual Information Systems Fund

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Operating Revenues -				
Charges for services	\$ 85,000	\$ 85,000	\$ 83,310	\$ (1,690)
Operating Expenses:				
Employment expenses	894,400	929,900	903,015	26,885
Contractual and other	31,000	31,000	17,503	13,497
Supplies	25,600	25,600	3,544	22,056
Depreciation	25,000	25,000	24,193	807
Total Operating Expenses	976,000	1,011,500	948,255	63,245
Operating Income (Loss)	(891,000)	(926,500)	(864,945)	61,555
Transfers -				
Transfers in - General Fund	908,000	943,500	864,945	(78,555)
Change in Net Assets	17,000	17,000	-	(17,000)
Net Assets, beginning of year	377,459	377,459	377,459	-
Net Assets, end of year	\$ 394,459	\$ 394,459	\$ 377,459	\$ (17,000)

County of Kalamazoo, Michigan

Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual Central Stores Fund

<i>Year Ended December 31, 2008</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Operating Revenues -				
Charges for services	\$ 1,120,300	\$ 1,120,300	\$ 1,123,525	\$ 3,225
Operating Expenses:				
Employment expenses	171,300	167,100	165,318	1,782
Contractual and other	331,400	243,100	238,079	5,021
Supplies	792,400	707,900	702,206	5,694
Depreciation	3,200	3,200	3,177	23
Total Operating Expenses	1,298,300	1,121,300	1,108,780	12,520
Change in Net Assets	(178,000)	(1,000)	14,745	15,745
Net Assets, beginning of year	84,984	84,984	84,984	-
Net Assets, end of year	\$ (93,016)	\$ 83,984	\$ 99,729	\$ 15,745



Agency Funds

County of Kalamazoo, Michigan

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.

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

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

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

County of Kalamazoo, Michigan

Agency Funds Statement of Fiduciary Assets and Liabilities

<i>December 31, 2008</i>	<i>Trust and Agency</i>	<i>Library Trust</i>	<i>Bail Bond</i>	<i>Inmates' Trust</i>	<i>Drain Performance Bond</i>	<i>Total</i>
Assets:						
Cash	\$ -	\$220,292	\$9,818	\$215,501	\$ 93,570	\$ 539,181
Investments	2,300,000	-	-	-	-	2,300,000
Accounts receivable	1,027	-	-	-	-	1,027
Total Assets	\$ 2,301,027	\$220,292	\$9,818	\$215,501	\$ 93,570	\$ 2,840,208
Liabilities:						
Checks issued against future deposits	\$ 389,151	\$ -	\$ -	\$ -	\$ -	\$ 389,151
Due to other governmental units	445,798	220,292	-	-	-	666,090
Other payables	1,466,078	-	9,818	215,501	93,570	1,784,967
Total Liabilities	\$ 2,301,027	\$220,292	\$9,818	\$215,501	\$ 93,570	\$ 2,840,208

County of Kalamazoo, Michigan

Agency Funds Combining Statement of Changes in Assets and Liabilities Year Ended December 31, 2008

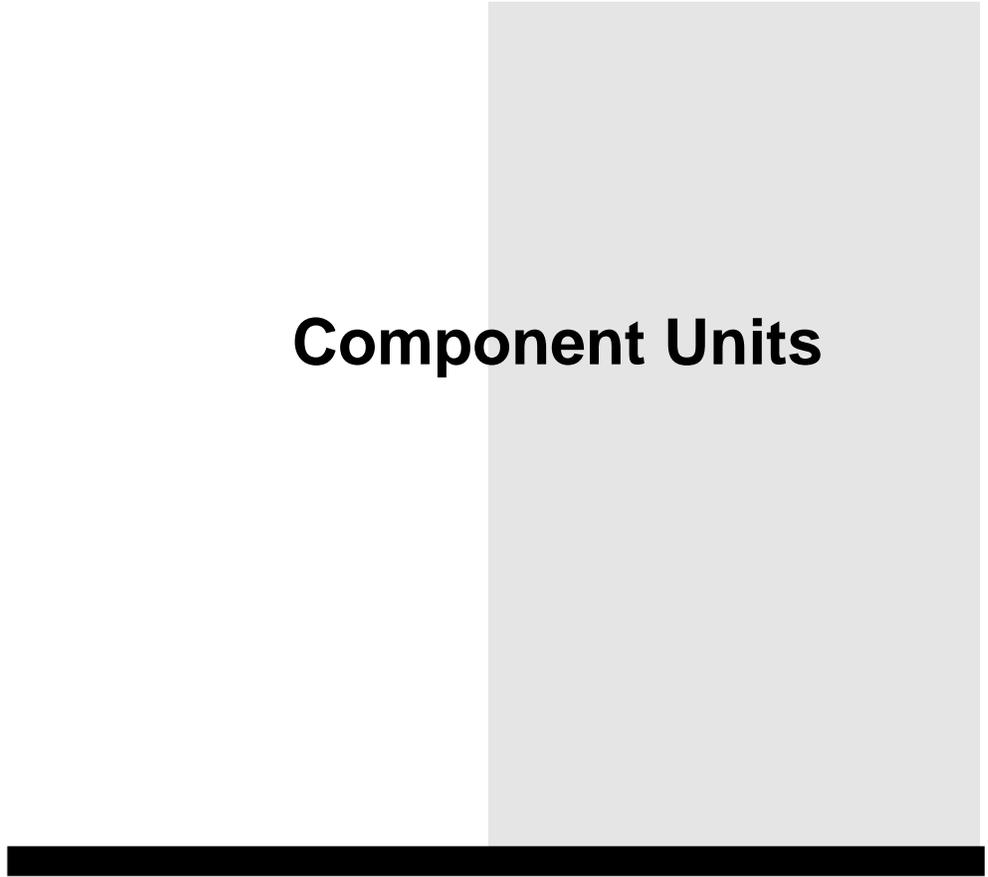
	<i>Balance, January 1, 2008</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance, December 31, 2008</i>
<u>Trust and Agency Fund</u>				
Assets:				
Cash	\$ -	\$ 182,635,525	\$ 182,635,525	\$ -
Investments	2,746,390	57,251,023	57,697,413	2,300,000
Accounts receivable	847	13,615	13,435	1,027
Total Assets	\$ 2,747,237	\$ 239,900,163	\$ 240,346,373	\$ 2,301,027
Liabilities:				
Checks issued against future deposits	\$ 919,630	\$ 530,479	\$ -	\$ 389,151
Due to other governmental units	210,213	120,642,408	120,877,993	445,798
Other payables	1,617,394	62,511,606	62,360,290	1,466,078
Total Liabilities	\$ 2,747,237	\$ 183,684,493	\$ 183,238,283	\$ 2,301,027
 <u>Library Trust Fund</u>				
Assets - Cash	\$ 229,339	\$ 646,444	\$ 655,491	\$ 220,292
Liability -				
Due to other governmental units	\$ 229,339	\$ 1,299,470	\$ 1,290,423	\$ 220,292
 <u>Bail Bond Fund</u>				
Assets - Cash	\$ 3,000	\$ 773,449	\$ 766,631	\$ 9,818
Liability - Other payables	\$ 3,000	\$ 766,631	\$ 773,449	\$ 9,818

County of Kalamazoo, Michigan

Agency Funds Combining Statement of Changes in Assets and Liabilities Year Ended December 31, 2008 (Concluded)

	<i>Balance, January 1, 2008</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance, December 31, 2008</i>
<u>Inmates' Trust Fund</u>				
Assets - Cash	\$ 200,751	\$ 530,084	\$ 515,334	\$ 215,501
Liability - Other payables	\$ 200,751	\$ 670,294	\$ 685,044	\$ 215,501
<u>Drain Performance Bond Fund</u>				
Assets - Cash	\$ 110,761	\$ 9,917	\$ 27,108	\$ 93,570
Liability - Other payables	\$ 110,761	\$ 53,399	\$ 36,208	\$ 93,570
<u>All Agency Funds</u>				
Assets:				
Cash	\$ 543,851	\$ 184,595,419	\$ 184,600,089	\$ 539,181
Investments	2,746,390	57,251,023	57,697,413	2,300,000
Accounts receivable	847	13,615	13,435	1,027
Total Assets	\$ 3,291,088	\$ 241,846,442	\$ 242,297,502	\$ 2,840,208
Liabilities:				
Checks issued against future deposits	\$ 919,630	\$ 530,479	\$ -	\$ 389,151
Due to other governmental units	439,552	121,941,878	122,168,416	666,090
Other payables	1,931,906	64,001,930	63,854,991	1,784,967
Total Liabilities	\$ 3,291,088	\$ 186,474,287	\$ 186,023,407	\$ 2,840,208

Component Units



County of Kalamazoo, Michigan

Component Units Balance Sheet – At-Large Drains

	<i>Special Revenue</i>
	<i>At-Large Drains</i>
<hr/> <i>December 31, 2008</i> <hr/>	
Assets:	
Cash	\$ 1,077,115
Other assets	87
<hr/>	
Total Assets	\$ 1,077,202
<hr/>	
Liabilities -	
Accounts payable	\$ 11,087
Fund Balance -	
Unreserved	1,066,115
<hr/>	
Total Liabilities and Fund Balance	\$ 1,077,202
<hr/>	

County of Kalamazoo, Michigan

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

	<i>Special Revenue</i>
<i>Year Ended December 31, 2008</i>	<i>At-Large Drains</i>
Revenues:	
Interest and rents	\$ 26,972
Other	8,159
Total Revenues	35,131
Expenditures -	
Public works - Drains	23,658
Excess of Revenues Over Expenditures	11,473
Other Financing Uses -	
Transfers out	(9,359)
Net Change in Fund Balance	2,114
Fund Balance, beginning of year	1,064,001
Fund Balance, end of year	\$ 1,066,115

County of Kalamazoo, Michigan

Component Units Balance Sheet – Local Housing Assistance

	<i>Special Revenue</i>
	<i>Local Housing Assistance</i>
<i>December 31, 2008</i>	
Assets -	
Cash	\$ 344,930
Fund Balance -	
Unreserved	\$ 344,930

County of Kalamazoo, Michigan

Component Units Statement of Revenues, Expenditures, and Changes in Fund Balance – Local Housing Assistance

	<i>Special Revenue</i>
	<i>Local Housing Assistance</i>
<hr/>	
<i>Year Ended December 31, 2008</i>	
<hr/>	
Revenues:	
Charges for services	\$ 125,000
Other	151,405
<hr/>	
Total Revenues	276,405
Expenditures -	
Other	202,475
<hr/>	
Excess of Revenues Over Expenditures	73,930
Other Financing Sources -	
Transfers in	271,000
<hr/>	
Net Change in Fund Balance	344,930
Fund Balance, beginning of year	-
<hr/>	
Fund Balance, end of year	\$ 344,930
<hr/>	

County of Kalamazoo, Michigan

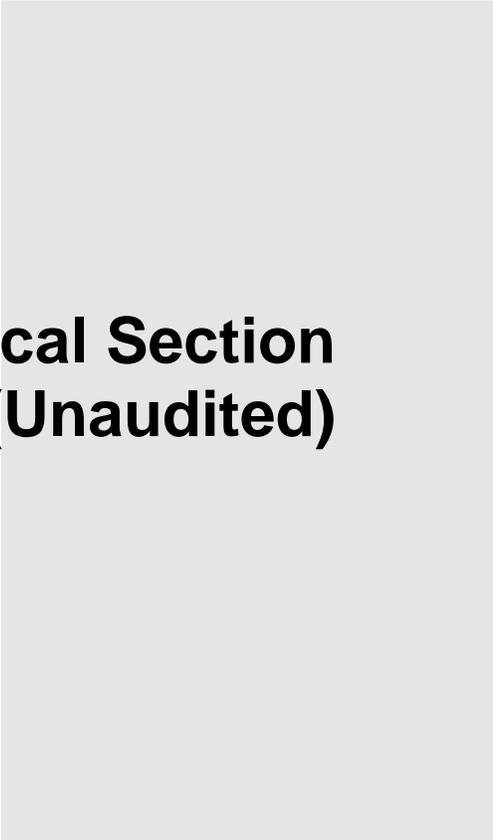
Component Units Balance Sheet – DHS/Child Care Welfare

	<i>Special Revenue</i>
	<i>DHS/ Child Care Welfare</i>
<hr/> <i>December 31, 2008</i> <hr/>	
Assets -	
Cash	\$ 1,074,409
<hr/>	
Liabilities -	
Deferred revenues	\$ 1,074,409
<hr/>	

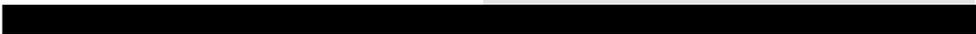
County of Kalamazoo, Michigan

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

	<i>Special Revenue</i>
	<i>DHS/ Child Care Welfare</i>
<hr/> <i>Year Ended December 31, 2008</i> <hr/>	
Revenues:	
State grants	\$ 759,862
Local unit contributions	641,100
Charges for services	88,567
Other revenues	479,315
<hr/>	
Total Revenues	1,968,844
Expenditures -	
Health and welfare	1,968,844
<hr/>	
Net Change in Fund Balance	-
Fund Balance, beginning of year	-
<hr/>	
Fund Balance, end of year	\$ -
<hr/>	



**Statistical Section
(Unaudited)**



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	131 - 135
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	136 - 139
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	140 - 143
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	144 and 145
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	146 - 148
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. The County implemented Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

County of Kalamazoo, Michigan

Schedule 1 – Net Assets by Component, Last Six Fiscal Years – 2008-2003 (Unaudited)

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

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

County of Kalamazoo, Michigan

Schedule 2 – Changes in Net Assets, Last Six Fiscal Years – 2008-2003 (Unaudited)

<i>Year Ended December 31,</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
Expenses:						
Governmental activities:						
General government	\$ 18,716,502	\$ 17,195,129	\$ 13,287,815	\$ 13,112,946	\$ 11,732,332	\$ 11,123,116
Public safety	25,185,011	25,519,348	24,567,020	23,603,804	22,280,373	20,966,523
Public works	166,934	299,344	943,220	1,387,569	2,217,157	3,726,950
Health and welfare	36,838,395	36,180,122	35,516,055	35,057,267	37,871,316	35,414,960
Recreation and culture	3,268,444	3,232,282	3,066,342	3,085,417	3,272,460	3,271,733
Legislative	862,396	897,634	840,222	877,050	966,888	1,026,702
Judicial	17,665,498	17,774,174	17,872,285	18,775,967	19,129,554	19,413,915
Other	-	-	-	3,447,841	3,153,334	2,598,686
Transfer to Component Unit	-	-	-	-	-	3,200,421
Interest and fiscal charges	1,797,799	656,948	517,525	650,538	770,194	101,494
Total governmental activities expenses	104,500,979	101,754,981	96,610,484	99,998,399	101,393,608	100,844,500
Business-type activities:						
Delinquent tax	800	6,690	130,180	4,692	-	-
Airport operations	6,019,869	5,759,066	5,360,135	5,112,676	5,166,426	4,787,446
Total business-type activities expenses	6,020,669	5,765,756	5,490,315	5,117,368	5,166,426	4,787,446
Total Primary Government Expenses	\$ 110,521,648	\$ 107,520,737	\$ 102,100,799	\$ 105,115,767	\$ 106,560,034	\$ 105,631,946
Program Revenues:						
Governmental activities:						
Charges for Services:						
General government	\$ 2,252,045	\$ 2,703,273	\$ 2,950,571	\$ 3,260,615	\$ 3,034,136	\$ 3,159,116
Public safety	1,947,155	1,728,469	2,041,571	1,955,818	1,880,319	2,828,112
Health and welfare	2,175,576	2,016,657	1,245,711	2,536,375	2,897,372	3,900,534
Recreation and culture	2,669,459	2,634,950	2,419,217	2,349,378	2,184,590	2,150,853
Judicial	5,652,775	5,871,196	6,057,390	5,567,520	5,643,531	5,177,202
Interest and fiscal charges	-	-	-	-	-	5,721
Other	-	-	-	-	2,535,357	-
Operating Grants and Contributions:						
General government	284,284	249,407	301,947	225,171	2,380,121	4,919,944
Public safety	1,660,903	2,919,091	3,470,642	4,256,489	3,447,189	2,604,522
Public works	117,541	147,679	134,747	133,005	101,632	81,241
Health and welfare	24,561,585	23,970,105	23,641,025	22,353,996	23,478,271	22,686,497
Recreation and culture	1,602,217	1,389,113	1,293,595	1,200,748	1,088,279	1,071,803
Judicial	7,281,433	7,448,395	7,596,287	7,609,797	7,470,937	6,094,228
Interest and fiscal charges	-	15,395	-	-	-	-
Other	-	-	-	21,819	-	63,650
Other	-	352,556	-	51,625	970,524	2,092,493
Total governmental activities program revenues	50,204,973	51,446,286	51,152,703	51,522,356	57,112,258	56,835,916

County of Kalamazoo, Michigan

Schedule 2 – Changes in Net Assets, Last Six Fiscal Years – 2008-2003 (Concluded) (Unaudited)

<i>Year Ended December 31,</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>
Program Revenues (Concluded):						
Business-type activities:						
Charges for services:						
Delinquent tax	\$ 2,062,382	\$ 1,957,711	\$ 1,444,859	\$ 1,497,697	\$ 1,253,219	\$ 1,334,219
Airport operations	3,902,591	4,316,214	4,233,581	4,483,389	4,004,586	3,971,819
Operating grants and contributions - Airport operations	197,926	(28,892)	600,649	186,278	165,547	225,328
Capital grants and contributions - Airport operations	2,879,337	3,471,510	721,909	1,760,080	1,627,723	(1,088,788)
Total business-type activities program revenues	9,042,236	9,716,543	7,000,998	7,927,444	7,051,075	4,442,578
Total Primary Government Program Revenues	\$ 59,247,209	\$ 61,162,829	\$ 58,153,701	\$ 59,449,800	\$ 64,163,333	\$ 61,278,494
Net (Expense) Revenue:						
Governmental activities	\$ (54,296,006)	\$ (50,308,695)	\$ (45,457,781)	\$ (48,476,043)	\$ (44,281,350)	\$ (44,008,584)
Business-type activities	3,021,567	3,950,787	1,510,683	2,810,076	1,884,649	(344,868)
Total Primary Government Net Expenses	\$ (51,274,439)	\$ (46,357,908)	\$ (43,947,098)	\$ (45,665,967)	\$ (42,396,701)	\$ (44,353,452)
General Revenues and Other Changes in Net Assets:						
Governmental activities:						
Property taxes levied for operating	\$ 50,142,756	\$ 47,291,086	\$ 34,879,561	\$ 33,990,340	\$ 30,922,234	\$ 34,573,669
Property taxes levied for revenue sharing reserve	-	1,108,851	11,064,283	10,416,376	10,654,932	10,689,067
Other taxes	-	-	-	-	46,309	89,972
Local unit contract revenue	1,696,138	1,218,268	1,276,194	1,631,699	1,285,000	-
Other	2,521,458	1,633,340	1,583,650	1,714,911	2,100,784	2,486,451
Unrestricted investment earnings	3,080,203	3,460,386	3,113,934	1,776,199	631,530	639,642
Transfers in	1,000,000	975,000	953,000	925,000	900,000	800,000
Total governmental activities	58,440,555	55,686,931	52,870,622	50,454,525	46,540,789	49,278,801
Business-type activities:						
Other	1,823	3,550	3,449	391,916	-	-
Unrestricted investment earnings	588,058	1,172,814	660,876	485,101	301,194	183,082
Transfers in (out)	(1,000,000)	(975,000)	(953,000)	(925,000)	(900,000)	(800,000)
Total business-type activities	(410,119)	201,364	(288,675)	(47,983)	(598,806)	(616,918)
Total Primary Government	\$ 58,030,436	\$ 55,888,295	\$ 52,581,947	\$ 50,406,542	\$ 45,941,983	\$ 48,661,883
Change in Net Assets:						
Governmental activities	\$ 4,144,549	\$ 5,378,236	\$ 7,412,841	\$ 1,978,482	\$ 2,259,439	\$ 5,270,217
Business-type activities	2,611,448	4,152,151	1,222,008	2,762,093	1,285,843	(961,786)
Total Primary Government	\$ 6,755,997	\$ 9,530,387	\$ 8,634,849	\$ 4,740,575	\$ 3,545,282	\$ 4,308,431

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

County of Kalamazoo, Michigan

Schedule 3 – Fund Balances, Governmental Funds, Last Six Fiscal Years – 2008-2003 (Unaudited)

December 31,	2008	2007	2006	2005	2004	2003
General Fund:						
Reserved:						
Encumbrances	\$ 99,516	\$ 320,821	\$ 142,981	\$ 137,877	\$ 118,176	\$ 62,986
Prepaid expenditures/inventories	243,393	219,467	34,327	108,592	18,497	9,495
Long-term advances	-	-	23,790	300,000	-	-
Unreserved -						
Designated for future expenditures	5,917,064	5,764,300	5,764,300	4,252,900	4,252,900	4,040,300
Unreserved, reported in -						
General Fund	18,705,734	15,078,874	11,017,692	6,448,111	4,736,676	4,712,564
Total General Fund	\$ 24,965,707	\$ 21,383,462	\$ 16,983,090	\$ 11,247,480	\$ 9,126,249	\$ 8,825,345
All Other Governmental Funds:						
Reserved:						
Revenue Sharing Reserve Fund	\$ 13,876,233	\$ 18,318,542	\$ 21,154,552	\$ 14,334,413	\$ 8,357,014	\$ -
Encumbrances	63,458	232,968	198,706	253,453	497,474	65,648
Prepaid expenditures/inventories	-	-	-	485	23,156	76,293
Long-term receivable from other governmental unit	-	-	279,901	320,439	-	-
Unreserved:						
Designated for future expenditures	305,287	411,500	411,500	224,720	222,876	378,700
Special Revenue Funds	7,071,644	6,502,765	6,254,864	4,836,203	3,584,389	3,745,252
Debt Service Funds	475,127	314	-	-	-	-
Capital Projects Funds	19,893,490	32,081,896	4,602,421	3,848,653	4,169,994	4,047,920
Total All Other Governmental Funds	\$ 41,685,239	\$ 57,547,985	\$ 32,901,944	\$ 23,818,366	\$ 16,854,903	\$ 8,313,813

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

<i>Year Ended December 31,</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
Revenues:			
Taxes	\$ 52,127,490	\$ 49,760,689	\$ 57,777,230
Licenses and permits	903,893	793,611	785,730
Intergovernmental	38,073,037	35,704,794	37,753,619
Changes for services	9,510,775	10,124,910	9,598,624
Fines and forfeitures	2,484,283	2,634,069	2,789,201
Interest	3,080,203	3,460,386	3,113,934
Other	2,512,099	1,631,441	1,566,376
Donations and contributions	712,053	2,260,309	249,663
Total Revenues	109,403,833	106,370,209	113,634,377
Expenditures:			
General government	12,478,693	9,841,143	10,909,325
Public safety	25,048,512	24,822,423	24,539,667
Public works	166,941	299,335	943,231
Health and welfare	36,636,836	36,130,575	35,765,016
Recreation and culture	3,026,214	2,926,544	2,792,553
Legislative	862,396	897,634	840,222
Judicial	17,424,528	17,432,615	17,829,372
Other	3,728,747	8,102,389	2,320,857
Transfer to component units	-	-	-
Debt service:			
Principal	2,148,821	1,810,040	1,443,530
Interest	1,615,516	517,222	524,919
Capital outlay	19,102,990	3,294,285	1,742,541
Total Expenditures	122,240,194	106,074,205	99,651,233
Excess (Deficiency) of Revenues Over Expenditures	(12,836,361)	296,004	13,983,144
Other Financing Sources (Uses):			
Transfers in	17,607,669	16,946,211	16,541,876
Transfers in - Component unit	-	-	-
Transfers out	(17,463,255)	(16,808,792)	(16,212,332)
Transfers out - Component unit	-	-	-
Issuance of notes	12,545	630,000	506,500
Issuance of bonds	415,000	28,321,900	-
Bond discount	-	(189,727)	-
Premium on refunding bond	-	-	-
Bond issuance costs	(16,099)	(149,183)	-
Payments to escrow agent	-	-	-
Total Other Financing Sources (Uses)	555,860	28,750,409	836,044
Net Change in Fund Balances	\$ (12,280,501)	\$ 29,046,413	\$ 14,819,188
Debt Service as a Percentage of Noncapital Expenditures	3.2%	2.3%	2.0%

County of Kalamazoo, Michigan

Schedule 4 – Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years – 2008-1999 (Unaudited)

2005	2004	2003	2002	2001	2000	1999
\$ 53,541,737	\$ 51,332,024	\$ 38,747,183	\$ 35,881,691	\$ 34,389,722	\$ 33,639,192	\$ 32,162,941
846,714	862,458	482,737	688,569	678,286	688,512	623,520
36,904,503	41,158,355	42,331,020	44,701,470	49,588,372	42,952,013	42,749,024
10,762,032	10,664,460	13,395,974	11,524,246	11,141,138	11,846,956	11,263,768
2,618,152	2,747,894	2,016,715	1,832,553	507,820	572,187	632,519
1,776,199	631,530	645,363	922,473	1,974,071	2,346,753	1,748,122
1,714,911	2,100,784	2,511,701	4,008,224	2,405,863	1,963,790	3,721,684
578,346	-	-	-	-	-	-
108,742,594	109,497,505	100,130,693	99,559,226	100,685,272	94,009,403	92,901,578
11,159,696	11,461,734	10,699,858	10,222,174	9,343,025	9,028,594	8,566,885
23,294,592	21,472,657	19,960,944	19,452,026	18,383,360	16,511,539	16,257,625
1,387,608	2,195,172	3,726,967	2,968,693	634,696	2,825,818	5,940,702
35,179,510	37,117,973	34,549,824	38,425,154	40,744,738	36,561,442	34,141,268
2,812,928	2,976,942	2,984,957	2,785,506	2,378,743	2,388,419	2,350,775
877,050	966,888	1,026,702	877,044	801,485	741,196	810,213
18,617,735	18,644,364	18,790,626	18,411,630	17,779,870	16,125,090	16,871,141
2,944,769	3,090,484	2,567,505	2,974,320	2,519,217	2,025,681	1,816,431
-	-	3,200,421	-	-	-	-
1,386,687	1,647,000	2,345,000	2,067,865	1,656,855	1,592,210	2,026,554
633,923	686,452	793,684	909,528	962,062	898,063	1,054,299
2,138,519	2,803,172	2,940,717	2,327,244	1,963,590	1,880,581	3,844,294
100,433,017	103,062,838	103,587,205	101,421,184	97,167,641	90,578,633	93,680,187
8,309,577	6,434,667	(3,456,512)	(1,861,958)	3,517,631	3,430,770	(778,609)
16,434,229	13,816,990	12,515,159	12,954,003	14,023,183	13,134,062	11,723,721
-	-	-	6,614	-	-	-
(16,275,980)	(13,646,120)	(12,876,414)	(13,136,988)	(14,362,615)	(13,167,785)	(11,831,795)
-	-	-	(2,196,052)	(1,593,931)	(1,606,051)	(1,606,051)
750,000	2,151,000	-	-	2,623,647	-	6,048,252
1,295,000	2,910,000	-	-	-	-	-
-	-	-	-	-	-	-
13,231	65,401	-	-	-	-	-
-	-	-	-	-	-	-
(1,441,363)	(2,889,944)	-	-	-	-	-
775,117	2,407,327	(361,255)	(2,372,423)	690,284	(1,639,774)	4,334,127
\$ 9,084,694	\$ 8,841,994	\$ (3,817,767)	\$ (4,234,381)	\$ 4,207,915	\$ 1,790,996	\$ 3,555,518
2.1%	2.3%	3.1%	3.0%	2.8%	2.8%	3.4%

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

Note: The County implemented GASB Statement No. 34 in 2002.

County of Kalamazoo, Michigan

Schedule 5 – Assessed Value and Actual Value of Taxable Property^(a), Last Ten Fiscal Years – 2008-1999 (Unaudited)

<i>Fiscal Year</i>	<i>Real Property Value</i>						<i>(b)</i>
	<i>Agricultural Property</i>	<i>Commercial Property</i>	<i>Industrial Property</i>	<i>Residential Property</i>	<i>Personal Property</i>	<i>Total</i>	<i>Total Direct Tax Rate</i>
	\$	\$	\$	\$	\$	\$	\$
2008	222,094,495	1,766,531,482	513,496,587	6,310,592,521	876,103,736	9,688,818,821	6.33
2007	216,698,123	1,719,347,867	505,724,481	6,159,696,308	809,587,546	9,411,054,325	6.34
2006	199,195,596	1,639,755,890	485,676,345	5,838,021,440	795,172,638	8,957,821,909	6.14
2005	202,576,301	1,561,122,682	481,762,317	5,428,008,097	806,931,249	8,480,400,646	6.14
2004	185,417,194	1,487,215,229	475,181,926	5,082,135,722	792,256,281	8,022,206,352	6.14
2003	153,280,951	1,396,751,002	443,920,723	4,729,736,472	810,320,054	7,534,009,202	6.14
2002	147,726,339	1,280,730,398	450,485,268	4,372,387,161	789,912,726	7,041,241,892	6.14
2001	137,259,433	1,157,989,445	365,365,750	4,060,031,323	794,179,125	6,514,825,076	6.14
2000	123,334,529	1,054,166,442	356,122,565	4,060,031,323	732,544,957	6,326,199,816	6.14
1999	111,974,649	979,061,642	352,629,755	3,819,201,153	797,200,071	6,060,067,270	6.14

^(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: The County assesses property 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 Years – 2008-1999 (Unaudited)

<i>December 31,</i>	<i>Year Taxes Are Payable</i>									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
County Direct Rates:										
Operating	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6871	4.6900	4.6900	4.6900
Law enforcement	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4491	1.4500	1.4500	1.4500
Juvenile Home Debt	0.1950	0.2000	-	-	-	-	-	-	-	-
Total direct rates	6.3312	6.3362	6.1362	6.1362	6.1362	6.1362	6.1362	6.1400	6.1400	6.1400
City Rates:										
Galesburg	9.7856	9.7856	9.8112	9.8112	9.9144	9.9603	10.0004	9.0477	9.0814	9.1198
Kalamazoo	19.2705	19.2705	19.1606	19.2705	19.2705	19.2705	19.2705	21.5667	21.5667	21.5667
Parchment	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	16.6772	11.6772	11.6772
Portage	10.6598	10.4892	10.1442	10.1442	10.1442	10.1442	10.3017	10.0000	10.0000	10.1000
Township Rates:										
	.7860-	.7860-	0.7978-	0.8059-	0.8151-	0.352-	0.8352-	0.8457-	0.8513-	0.8597-
	8.9691	8.9691	10.8691	8.9691	8.9367	8.9943	8.9943	9.0587	9.0906	9.1372
Village Rates:										
	8.00-	9.000-	9.5000-	9.0000-	9.0000-	9.0000-	9.0000-	9.0000-	8.8000-	9.0000-
	15.90005	16.000	16.0000	16.20000	16.4000	15.1185	15.1251	15.9370	15.9482	15.9517
Intermediate School Rates:										
	4.1217-	4.1217-	2.6837-	2.6837-	2.9307-	2.7054-	2.7130-	2.7235-	2.7527-	2.7843-
	6.2057	6.2057	9.0832	6.2057	6.2057	6.2641	6.3558	6.4390	6.4754	6.5371
Local School Rates:										
	17.7517-	18.000-	18.0000-	16.6421-	16.9801-	17.3267-	17.6408-	18.0000-	17.7223-	18.0000-
	27.05	27.050	27.0990	26.6209	27.8283	27.0500	26.8967	27.0838	26.9348	27.0500
Library Rates:										
	.50-	.4291-	0.4376-	0.4483-	0.4558-	0.4629-	0.4784-	0.4852-	0.4919-	0.5000-
	3.9583	3.9583	3.9583	3.9583	3.9583	3.9583	3.9583	3.9583	3.9583	3.9583
Community College Rates:										
Glen Oaks	2.7249	2.7249	2.7249	2.7088	2.7453	2.7453	2.7495	2.7559	2.7806	2.8117
Kalamazoo Valley	2.8135	2.8135	5.6270	2.8135	2.8135	2.8139	2.8139	2.8151	2.8151	2.8151
Kellogg	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7106	3.7128	3.7128
State Education Tax Rates:										
	6.0000	6.0000	6.0000	6.0000	6.0000	5.0000	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, 2008 and 1999 (Unaudited)

<i>Taxpayer</i>	<i>Fiscal Year 2008</i>			<i>Fiscal Year 1999</i>		
	<i>Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total County Taxable Assessed Value</i>	<i>Assessed Value</i>	<i>Rank</i>	<i>Percentage of Total County Taxable Assessed Value</i>
Pfizer/Pharmacia	\$ 518,711,947	1	6.17%	\$ 481,576,400	1	8.87%
Consumer's Energy	108,749,410	2	1.29%	109,076,100	2	2.01%
Stryker Corp.	78,392,335	3	0.93%	17,709,700	9	0.33%
Greenleaf/Catalyst Dev. Co.	37,718,397	4	0.45%	-	-	-
Target	31,370,777	5	0.37%	-	-	-
Meijer-Goodwill	30,469,232	6	0.36%	18,644,800	7	0.34%
Graphic Packaging	23,977,696	7	0.28%	-	-	-
Benteler Auto Corp.	23,206,650	8	0.28%	-	-	-
Edward Rose	23,165,846	9	0.28%	33,075,900	5	0.61%
Bronson Medical	22,032,982	10	0.26%	-	-	-
James River	-	-	-	61,669,000	3	1.14%
General Motors	-	-	-	48,958,600	4	0.90%
PNC (National City Bank)	-	-	-	23,491,400	6	0.43%
Southland Mall	-	-	-	16,317,000	10	0.30%
James Smith (Drakes Pond & Candlewyck)	-	-	-	18,451,000	8	0.34%
Total	\$ 897,795,272		10.67%	\$ 828,969,900		15.26%

Source: County of Kalamazoo, Michigan, Equalization Department.

County of Kalamazoo, Michigan

Schedule 8 – Property Tax Levies and Collections, Last Ten Years – 2008-1999 (Unaudited)

Fiscal Year	Levy Year	Taxes (a) Levied for the Fiscal Year		Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2008	2007	\$ 52,632,244	\$ 674,189	\$ 51,958,055	\$ 48,201,774	91.58%	\$1,893,233	\$ 50,095,007	96.41%
2007	2006	\$ 50,775,893	\$ 818,318	\$ 49,957,575	\$ 45,113,305	88.85%	\$2,214,007	\$ 47,327,312	94.74%
2006	2005	\$ 46,640,625	\$ 911,302	\$ 45,729,323	\$ 43,297,409	92.83%	*	\$ 43,297,409	94.68%
2005	2004	\$ 44,014,109	\$ 1,865,269	\$ 42,148,840	\$ 38,821,673	88.20%	*	\$ 38,821,673	92.11%
2004	2003	\$ 41,847,285	\$ 2,678,991	\$ 39,168,294	\$ 36,770,855	87.87%	*	\$ 36,770,855	93.88%
2003	2002	\$ 39,647,219	\$ 3,043,657	\$ 36,603,562	\$ 34,665,210	87.43%	*	\$ 34,665,210	94.70%
2002	2001	\$ 38,055,102	\$ 4,545,137	\$ 33,509,965	\$ 31,485,341	82.74%	*	\$ 31,485,341	93.96%
2001	2000	\$ 35,694,912	\$ 529,273	\$ 35,165,639	\$ 30,982,184	86.80%	*	\$ 30,982,184	88.10%
2000	1999	\$ 33,428,660	\$ 1,494,761	\$ 31,933,899	\$ 30,249,479	90.49%	*	\$ 30,249,479	94.73%
1999	1998	\$ 32,475,422	\$ 1,594,325	\$ 30,881,097	\$ 29,277,008	90.15%	*	\$ 29,277,008	94.81%

^(a) Taxes levied for the fiscal year included the operating levy, law enforcement levy, and industrial facility tax (IFT).

Source: County of Kalamazoo, Michigan, Treasurer's Office.

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.

* Information not available.

County of Kalamazoo, Michigan

Schedule 9 – Ratios of General Bonded Debt Outstanding, Last Ten Years – 2008-1999 (Unaudited)

<i>Fiscal Year</i>	<i>General Bonded Debt Outstanding</i>				<i>Percentage of</i>		
	<i>Government Obligation Bonds</i>	<i>Business Type Obligation Bonds</i>	<i>Less Amounts Restricted to Repaying Principal</i>	<i>Total</i>	<i>Personal Income</i>	<i>Actual Value of Taxable Property</i>	<i>Per Capital</i>
2008	\$ 38,370,000	\$ 8,900,000	\$ -	\$ 47,270,000	0.56%	0.49%	\$ 192.22
2007	\$ 39,555,000	\$ 9,100,000	\$ -	\$ 48,655,000	0.59%	0.52%	\$ 198.32
2006	\$ 10,985,000	\$ 9,300,000	\$ -	\$ 22,877,284	0.25%	0.26%	\$ 93.68
2005	\$ 12,800,000	\$ 9,500,000	\$ -	\$ 22,300,000	0.29%	0.41%	\$ 91.80
2004	\$ 15,256,000	\$ 9,500,000	\$ -	\$ 24,756,000	0.33%	0.41%	\$ 102.25
2003	\$ 14,620,000	\$ 9,500,000	\$ -	\$ 24,120,000	0.33%	0.38%	\$ 99.62
2002	\$ 17,515,000	\$ -	\$ -	\$ 17,515,000	0.25%	0.27%	\$ 73.41
2001	\$ 19,310,000	\$ -	\$ -	\$ 19,310,000	0.28%	0.27%	\$ 80.93
2000	\$ 18,770,000	\$ -	\$ -	\$ 18,770,000	0.28%	0.25%	\$ 78.67
1999	\$ 20,610,000	\$ -	\$ -	\$ 20,610,000	0.32%	0.26%	\$ 89.66

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

Note: 2008 percentage calculated using 2007 personal income data, which is the most recent available.

County of Kalamazoo, Michigan

Schedule 10 – Direct and Overlapping Governmental Activities Debt, as of December 31, 2008 (Unaudited)

<i>Governmental Unit</i>	<i>Debt Outstanding</i>	<i>Estimated Percentage Applicable</i>	<i>Estimated Share of Direct and Overlapping Debt</i>
Libraries:			
Kalamazoo District	\$ 6,595,000	100%	\$ 6,595,000
Otsego	3,580,000	31%	1,101,566
Richland	780,000	100%	780,000
Total Libraries			8,476,566
Townships:			
Brady	2,460,240	100%	2,460,240
Charleston	5,019	100%	5,019
Comstock	1,810,000	100%	1,810,000
Cooper	2,000,000	100%	2,000,000
Pavilion	915,560	100%	915,560
Schoolcraft	2,150	100%	2,150
Texas	2,172,000	100%	2,172,000
Total Townships			9,364,969
Cities:			
Galesburg	2,378,000	100%	2,378,000
Kalamazoo	33,115,000	100%	33,115,000
Parchment	560,000	100%	560,000
Portage	94,564,650	100%	94,564,650
Total Cities			130,617,650
Villages:			
Augusta	1,410,000	100%	1,410,000
Climax	145,000	100%	145,000
Richland	160,000	100%	160,000
Schoolcraft	730,000	100%	730,000
Vicksburg	40,000	100%	40,000
Total Villages			2,485,000

County of Kalamazoo, Michigan

Schedule 10 – Direct and Overlapping Governmental Activities Debt, as of December 31, 2008 (Concluded) (Unaudited)

<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	\$ 1,635,000	5%	\$ 89,435
Climax Scotts	7,495,297	88%	6,587,617
Comstock	11,261,000	100%	11,261,000
Galesburg Augusta	19,252,357	100%	19,252,357
Gull Lake	42,908,000	83%	35,626,512
Kalamazoo	126,611,000	100%	126,611,000
Lawton	28,872,659	1%	187,672
Mattawan	27,605,000	65%	17,854,913
Mendon	15,394,864	2%	257,094
Otsego	60,849,346	38%	23,299,215
Parchment	33,755,000	100%	33,755,000
Plainwell	56,425,308	34%	18,987,116
Portage	139,570,000	100%	139,570,000
Schoolcraft	17,672,237	100%	17,672,237
Vicksburg	20,617,000	97%	20,097,452
Total School Districts			471,108,620
Community Colleges:			
Glen Oaks	845,000	0%	1,437
Kellogg	8,200,000	0%	15,580
Total Community Colleges			17,017
Intermediate School Districts:			
Allegan	175,000	12%	20,685
Kalamazoo RESA	24,675,000	98%	24,124,748
Total Intermediate School Districts			24,145,433
Subtotal, Overlapping Debt			646,215,254
Total Direct Debt			47,270,000
Total Direct and Overlapping Debt			\$ 693,485,254

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

Note: Percentage of overlap based on assessed property values.

<i>December 31,</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005*</i>
Legal Debt Margin:				
Assessed value of property*	\$ 9,836,819,541	\$ 9,500,767,380	\$ 9,075,219,802	\$ 8,549,329,614
Debt limit, 10% of assessed value (constitutional debt limit)	\$ 983,681,954	\$ 950,076,738	\$ 907,521,980	\$ 854,932,961
Amount of debt applicable to limit:				
Debt issues for purpose of the County functions only:				
Building Authority	36,950,000	37,420,000	9,300,000	9,500,000
Notes payable	386,918	741,244	1,090,282	1,424,813
Debt issues for benefit of local improvements:				
Water	820,000	875,000	930,000	970,000
Sewage	9,070,000	9,730,000	10,790,000	11,830,000
Water and sewage	-	-	-	-
Drainage	430,000	630,000	-	-
Notes payable	240,950	422,900	767,000	289,500
Total net debt applicable to limit	47,897,868	49,819,144	22,877,282	24,014,313
Outstanding debt	-	-	-	-
	47,897,868	49,819,144	22,877,282	24,014,313
Legal Debt Margin	\$ 935,784,086	\$ 900,257,594	\$ 884,644,698	\$ 830,918,648
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.87%	5.24%	2.52%	2.81%

County of Kalamazoo, Michigan

Schedule 11 – Legal Debt Margin Information, Last Ten Years – 2008-1999 (Unaudited)

2004	2003	2002	2001	2000	1999
\$8,022,206,352	\$ 7,534,009,202	\$7,041,241,892	\$ 6,514,825,076	\$ 6,326,199,816	\$ 6,060,067,270
\$ 802,220,635	\$ 753,400,920	\$ 704,124,189	\$ 651,482,508	\$ 632,619,982	\$ 606,006,727
9,500,000	9,500,000	325,000	850,000	1,350,000	1,825,000
1,750,000	-	-	-	-	-
245,000	270,000	1,015,000	1,085,000	1,155,000	1,225,000
12,860,000	13,725,000	15,475,000	16,600,000	15,415,000	16,635,000
-	625,000	-	775,000	850,000	925,000
-	-	-	-	-	-
401,000	-	700,000	-	-	-
24,756,000	24,120,000	17,515,000	19,310,000	18,770,000	20,610,000
-	-	-	-	18,770,000	-
24,756,000	24,120,000	17,515,000	19,310,000	37,540,000	20,610,000
\$ 777,464,635	\$ 729,280,920	\$ 686,609,189	\$ 632,172,508	\$ 595,079,982	\$ 585,396,727
3.09%	3.20%	2.49%	2.96%	2.97%	3.40%

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

Note: Prior to Board of Review actions.

* Beginning in 2005, Assessed Value includes Ad Valorem Taxes, Assessed Value of the Taxable Value of Act 198 Exemptions, and DNR Properties State Equalized Value.

County of Kalamazoo, Michigan

Schedule 12 – Demographic and Economic Statistics, Last Ten Fiscal Years – 2008-1999 (Unaudited)

<i>Year</i>	<i>Population</i>	<i>Personal Income</i>	<i>Per Capita Personal Income</i>	<i>Unemployment Rate</i>
2008	245,912	*	*	6.4%
2007	245,333	\$ 8,443,673,000	\$ 34,526	5.3%
2006	244,212	\$ 8,000,029,000	\$ 32,862	5.1%
2005	242,913	\$ 7,705,234,000	\$ 31,770	5.2%
2004	242,110	\$ 7,522,956,000	\$ 31,411	5.7%
2003	242,110	\$ 7,370,638,000	\$ 30,534	5.5%
2002	238,603	\$ 7,111,167,000	\$ 29,590	4.7%
2001	238,603	\$ 6,843,529,000	\$ 28,626	4.1%
2000	238,603	\$ 6,642,895,000	\$ 27,809	3.0%
1999	229,867	\$ 6,420,365,000	\$ 27,024	2.6%

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

** Personal income and per capita personal income information is not yet available for 2008.*

County of Kalamazoo, Michigan

Schedule 13 – Principal Employers, Current Year and Nine Years Ago – December 31, 2008 and 1999 (Unaudited)

<i>Employer</i>	<i>Fiscal Year 2008</i>			<i>Fiscal 1999</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>
Borgess Medical Center	5,300	1	4.23%	2,503	5	2.00%
Western Michigan University	4,045	2	3.23%	3,348	2	2.67%
Bronson Methodist Hospital	4,100	3	3.28%	2,561	4	2.04%
Pfizer/Pharmacia	3,200	4	2.56%	6,100	1	4.87%
Kalamazoo Public School District	2,100	5	1.68%	2,250	6	1.79%
Stryker Corporation	2,073	6	1.66%	900	8	0.72%
PNC (National City Bank)	2,000	7	1.60%	2,800	3	2.23%
Meijer, Inc.	1,252	8	1.00%	2,120	7	1.69%
Summit Polymers, Inc.	1,616	9	1.29%	-	-	-
MPI	1,200	10	0.96%	-	-	-
Abex NWL Aerospace	-	-	-	780	9	0.62%
James River Corporation	-	-	-	700	10	0.56%
	26,886		21.48%	24,062		19.19%
Total County Employment	125,148			125,385		

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

County of Kalamazoo, Michigan

Schedule 14 – Full-time Equivalent County Government Employees by Function, Last Ten Fiscal Years – 2008-1999 (Unaudited)

<i>Function/Program</i>	<i>Full-time Equivalent Employees as of December 31,</i>									
	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
General government	128.2	128.2	128.7	127.7	128.4	133.4	130.8	134.8	132.1	130.3
Public safety	226.5	226.5	226.0	225.9	227.2	236.0	231.4	238.5	233.8	230.5
Health and welfare	278.0	299.3	306.3	314.4	316.2	328.3	321.9	331.9	325.1	320.6
Recreation and culture	19.0	17.3	17.7	19.5	19.8	20.5	20.1	20.8	20.3	20.0
Legislative	6.3	6.0	6.0	9.8	9.8	10.3	10.1	10.4	10.2	10.0
Judicial	225.1	222.1	225.1	225.9	227.3	235.9	231.3	238.5	223.6	230.5
Other	29.6	29.6	28.9	29.5	29.6	30.8	30.2	31.1	30.5	30.1
Airport	23.5	23.5	23.5	19.5	19.8	20.5	20.2	20.8	20.3	20.0
Total	936.2	952.5	962.3	972.2	978.0	1015.6	995.7	1026.6	995.8	991.9

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

County of Kalamazoo, Michigan

Schedule 15 – Operating Indicators by Function, Last Ten Fiscal Years – 2008-1999 (Unaudited)

Function/Program	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Government:										
Revenue from sale of maps, aerial photos, and street directories	\$ 1,490	\$ 12,117	\$ 1,039	\$ 1,809	\$ 262	\$ 362	\$ 1,034	\$ 580	\$ 733	*
Revenue from soil erosion and sedimentation control permits issued	\$ 30,173	\$ 36,180	\$ 47,147	\$ 50,011	\$ 60,728	\$ 58,353	\$ 60,361	\$ 22,423	\$ 18,563	NA
Public Safety:										
Jail bookings	11,539	11,499	12,319	11,777	11,305	10,652	9,214	8,578	8,347	8,722
Average daily population	391	366	340	365	359	340	340	341	342	350
Judicial:										
8th District Court caseloads	73,210	80,700	79,257	82,326	80,608	79,296	71,796	69,045	68,198	73,879
Airport:										
Based aircraft	143	148	148	144	130	123	111	NA	NA	NA
Enplanements	*	206,659	236,744	222,343	223,244	234,796	233,572	NA	NA	NA

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

* Information not available.

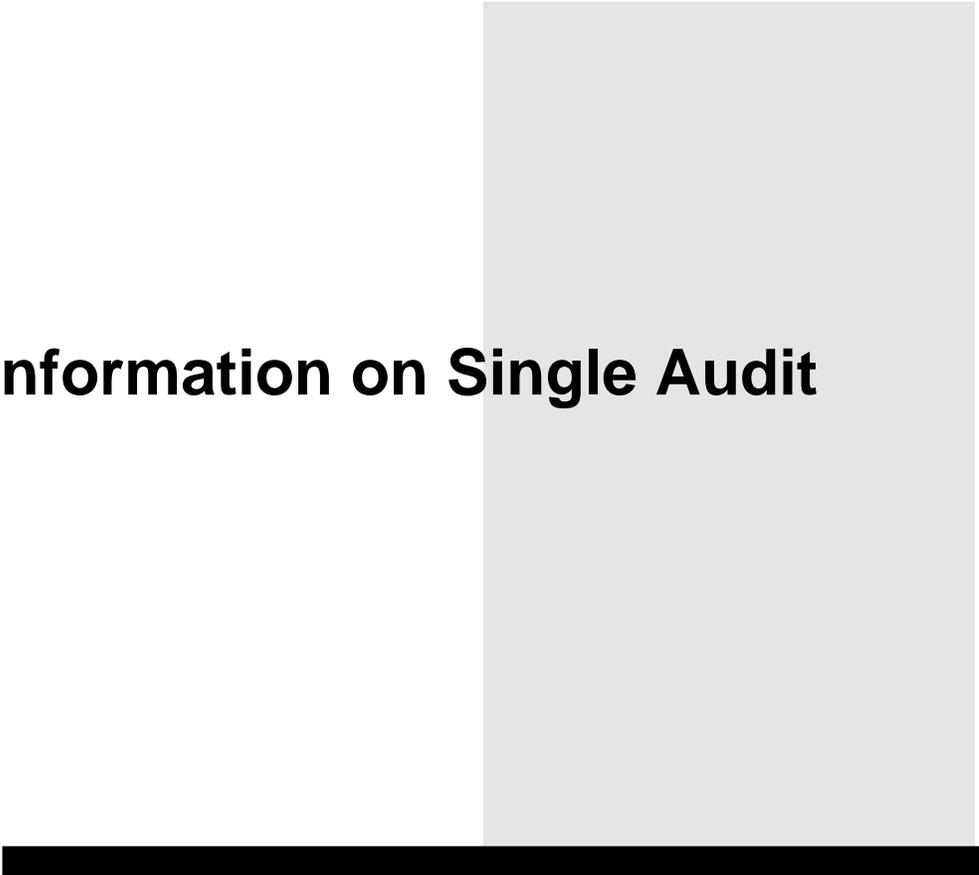
County of Kalamazoo, Michigan

Schedule 16 – Capital Asset Statistics by Function, Last Ten Fiscal Years – 2008-1999 (Unaudited)

<i>Function/Program</i>	<i>Fiscal Year</i>									
	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
Public Safety:										
Correction facility capacity	327	327	327	327	327	327	327	327	327	327
Juvenile Home capacity	40	40	40	40	40	40	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	2	2	1	1	1
Airport Operations:										
Number of runways	3	3	3	3	3	3	3	3	3	3
Terminals	1	1	1	1	1	1	1	1	1	1
Number of hangars	95	95	95	95	95	95	95	95	95	95

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

Information on Single Audit





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

Board of Commissioners
County of Kalamazoo, Michigan
Kalamazoo, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely-presented component units, each major fund, and the aggregate remaining fund information of the County of Kalamazoo, Michigan (the County), as of and for the year ended December 31, 2008 (September 30, 2008, for certain component units), and have issued our report thereon dated June 5, 2009. We did not audit the financial statements of the Kalamazoo County Road Commission or the Kalamazoo Community Mental Health and substance Abuse Services (KCMHSAS), which represents 96% of the total assets of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for the Kalamazoo County Road Commission and KCMHSAS, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.



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Accountants and Consultants

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the County's Board of Commissioners, management, others within the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BDO Seidman, LLP

Certified Public Accountants

June 5, 2009



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Accountants and Consultants

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Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Commissioners
County of Kalamazoo, Michigan
Kalamazoo, Michigan

Compliance

We have audited the compliance of the County of Kalamazoo, Michigan (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Road Commission, which expended \$3,318,233 in federal awards, and KCMHSAS, which expended \$7,100,900 in federal awards, and are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2008. Our audit, described below, did not include the operations of the 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.

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. Our audit does not provide a legal determination of the County's compliance with those requirements.



In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in the County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County's Board of Commissioners, management, others within the County, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

BDO Seidman, LLP

Certified Public Accountants

June 5, 2009

Schedule of Expenditures of Federal Awards



County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2008

<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 Human Services:</i>		
Food Stamp Fraud Prosecution	10.550	\$ 18,563
<i>Passed-through Michigan Department of Education:</i>		
Food Distribution - Commodities	10.550	5,126
		23,689
<i>Passed-through Michigan State University:</i>		
Family Nutrition Program - Food Stamps	10.551	6,038
<i>Passed-through Michigan Department of Education:</i>		
School Breakfast Program:		
Breakfast - Project No. 81970	10.553	21,234
Breakfast - Project No. 91970	10.553	7,609
		28,843
National School Lunch Program:		
Section 4 - All Lunches - Project No. 81950	10.555	3,473
Section 4 - All Lunches - Project No. 91950	10.555	1,256
Section 11 - Free and Reduced - Project No. 81950	10.555	31,121
Section 11 - Free and Reduced - Project No. 91960	10.555	11,254
		47,104
<i>Passed-through Michigan Department of Community Health:</i>		
Special Supplemental Food Program for Women, Infants, and Children	10.557	465,564
<i>Passed-through Michigan Department of Education:</i>		
Child Care Food Program	10.558	229,671
<i>Passed-through Michigan Department of Labor and Economic Growth:</i>		
Food Stamp Employment and Training Plan	10.561	113,105
<i>Passed-through Michigan State University:</i>		
Food Stamp Nutrition Education	10.561	14,355
		127,460
Total U.S. Department of Agriculture		928,369

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2008 (Continued)

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Housing and Urban Development:		
<i>Passed-through City of Kalamazoo:</i>		
CDBG Contracted Lead Services	14.218	\$ 1,650
<i>Passed-through Kalamazoo Neighborhood Housing Services, Inc.:</i>		
CDBG Contracted Lead Services	14.218	7,650
		9,300
<i>Passed-through City of Kalamazoo:</i>		
City of Kalamazoo - ESG	14.231	2,833
<i>Passed-through Michigan Department of Consumer and Industry Services:</i>		
Emergency Shelter Grants Program - MSHDA - ESG	14.231	45,558
		48,391
Direct Program - Supportive Housing Program - Transitional Housing	14.235	44,181
		101,872
Total U.S. Department of Housing and Urban Development		
 U.S. Department of Justice:		
Direct Program - Comprehensive Approaches to Sex Offender Management		
Discretionary Grant	16.203	86,222
<i>Passed-through Michigan Department of Community Health:</i>		
Crime Victim Assistance	16.575	67,335
Direct Program - State Criminal Alien Assistance Program		
	16.606	17,175
Direct Program - Public Safety Partnership and Community Policing Grants -		
COPS Grant 2006-CK-WX-0555	16.710	23,693
<i>Passed-through Western Michigan University:</i>		
Reduction and Prevention of Children's Exposure to Violence -		
Safe Start - Project "Revoc"	16.730	9,879
<i>Passed-through Michigan Department of Community Health:</i>		
SWET 70888-9-08-B	16.738	63,180
SWET 70888-1-09-B	16.738	21,099
Adult Drug Court SCAO-2008-053	16.738	24,408
Adult Drug Court SCAO-2009-018	16.738	7,564
		116,251
Total U.S. Department of Justice		
		320,555

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2008 (Continued)

<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:		
<i>Passed-through Michigan Department of Labor and Economic Growth:</i>		
Wagner-Peyser No Worker Left Behind (NWLB)	17.207	\$ 72,305
Wagner-Peyser Employment Service	17.207	448,771
		521,076
Trade Adjustment Act - Type A - Trade Adjustment Assistance	17.245	154,437
Work Force Investment Act:		
WIA Adult	17.258	738,036
WIA Local Administration	17.258	110,337
WIA High Concentration Youth	17.258	3,633
WIA WF Support	17.258	24,115
WIA Performance Incentive	17.258	3,797
WIA No Worker Left Behind - NWLB	17.258	23,929
WIA One-Stop Operation	17.258	24,533
WIA Capacity Building and Professional Development	17.258	8,000
		936,380
WIA Youth	17.259	1,274,748
WIA Local Administration	17.259	110,337
WIA High Concentration Youth	17.259	3,633
WIA WF Support	17.259	24,115
WIA Performance Incentive	17.259	3,797
WIA No Worker Left Behind - NWLB	17.259	23,929
WIA One-Stop Operation	17.259	24,533
WIA Capacity Building and Professional Development	17.259	8,000
		1,473,092
WIA Dislocated Worker	17.260	1,254,178
WIA Local Administration	17.260	110,337
WIA High Concentration Youth	17.260	3,633
WIA Performance Incentive	17.260	3,797
WIA One- Stop Operation	17.260	24,533
WIA Capacity Building and Professional Development	17.260	8,000
WIA Rapid Response Type C - 21st Century Workforce	17.260	25,024
WIA Rapid Response Type C - NWLB	17.260	80,479
WIA Rapid Response Type I - Incumbent Worker	17.260	169,590
WIA No Worker Left Behind - NWLB	17.260	23,929
WIA WF Support	17.260	24,114
		1,727,614
Work Incentive Grant - WIA Disability Program Navigator	17.266	17,679
Total U.S. Department of Labor		4,830,278

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2008 (Continued)

<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>		
Interagency Hazardous Materials Public Sector Training & Planning Grants		
H.M.E.P. Planning Grant	20.703	\$ 3,154
Total U.S. Department of Transportation		3,154
U.S. Environmental Protection Agency:		
<i>Passed-through Michigan Department of Environmental Quality:</i>		
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities - DEQ Air Monitoring	66.034	2,720
Direct Program - Great Lakes Program		
Collection of Unwanted Household Electronics and Medicines	66.469	7,261
<i>Passed-through Michigan Department of Environmental Quality:</i>		
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs - Nontransient NCW System	66.471	5,292
<i>Passed-through City of Kalamazoo:</i>		
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies - Lead Media Awareness Campaign	66.716	31,492
<i>Passed-through Michigan Department of Environmental Quality:</i>		
Hazardous Waste Management State Program Support - Clean Sweep	66.801	5,000
Direct Program - Brownfield Assessment and Cleanup Cooperative Agreements - Brownfield Assessment	66.818	73,903
Total U.S. Environmental Protection Agency		125,668
U.S. Department of Education:		
<i>Passed-through Western Michigan University:</i>		
Early Reading First		
Early Reading First Program	84.359	2,503
Total Department of Education		2,503

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2008 (Continued)

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
U.S. Department of Energy:		
<i>Passed-through Michigan Department of Human Services:</i>		
Weatherization Assistance for Low-Income Persons - Weatherization Assistance Program	81.042	\$ 358,015
Total U.S. Department of Energy		358,015
U.S. Department of Health and Human Services:		
<i>Passed-through Michigan Office of Services to the Aging:</i>		
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation - Title VII EAP Services	93.041	10,866
Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals - Title VII/A LTC Ombudsman	93.042	11,753
Title III, Part D - Disease Prevention and Health Promotion Services - Title III D Services	93.043	14,015
Title III, Part B - Grants for Supportive Services and Senior Centers: Title III B - Administration	93.044	18,554
Title III B - Services	93.044	230,025
		248,579
Title III, Part C - Nutrition Services - Title III C1/C2 Services	93.045	331,904
National Family Caregiver Support Program, Title III, Part E: Title III E - NFCSP	93.052	57,661
Title III E - Care Management	93.052	10,469
Title III E - Administration	93.052	8,936
Title III E - Information and Assistance	93.052	17,191
		94,257
Nutrition Services Incentive Program - USDA Senior Citizen Meals	93.053	152,458

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2008 (Continued)

<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 Department of Mental Health:</i>		
Projects for Assistance in Transition from Homelessness - P.A.T.H.	93.150	\$ 38,387
<i>Passed-through Michigan Department of Community Health:</i>		
Immunization Grants:		
Vaccine Provided	93.268	1,844,552
Infant Immunization Initiative	93.268	115,713
		1,960,265
<i>Centers for Disease Control and Prevention - Investigations and Technical Assistance:</i>		
Centers for Disease Control Prevention - Lab Services	93.283	172,943
Bioterrorism	93.283	181,731
Bioterrorism - Pandemic Flu	93.283	61,801
Asthma Coalition	93.283	6,148
BCCCP - Wise Woman	93.283	204,662
		627,285
<i>Passed-through Michigan Department of Human Services:</i>		
Promoting Safe and Stable Families - MSU Kinship Care	93.556	48,390
<i>Passed-through Michigan Department of Labor and Economic Growth:</i>		
Work First - JET E	93.558	15,000
Work First - No Worker Left Behind (NWLB)	93.558	47,482
Work First - JET	93.558	2,294,172
Temporary Assistance for Needy Families	93.558	62,688
		2,419,342
<i>Passed-through Michigan Department of Human Services:</i>		
Federal Performance Incentive Payment - FOC	93.563	290,185
Federal Performance Incentive Payment - PA	93.563	50,008
Child Support Enforcement:		
Child Support Enforcement - FOC	93.563	1,725,768
Child Support Enforcement - PA	93.563	426,539
		2,492,500
Low-Income Home Energy Assistance	93.568	68,669
Community Services Block Grant - Community Services Block Grant/CSBG	93.569	464,668
Direct Program - Community Food and Nutrition Program	93.571	(49)

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2008 (Continued)

<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 SCAO:</i>		
Grants to States for Access and Visitation Programs - Access and Visitation Grant	93.597	\$ 12,285
<hr/>		
Direct Program - Head Start:		
Head Start 05CH5120/32	93.600	126,504
Head Start 05CH5120/33	93.600	3,627,896
Head Start 05CH5120/34	93.600	762,070
		<hr/> 4,516,470
<hr/>		
<i>Passed-through Michigan Department of Human Services:</i>		
Foster Care - Title IV-E - Prosecuting Attorney DHS Grant PROFC-06-39001	93.658	21,334
<hr/>		
<i>Passed-through Michigan Department of Community Health:</i>		
<i>Medical Assistance Program:</i>		
Infant Mortality - Nurse Family Partnership	93.778	157,909
Michigan Infant Mortality Initiative	93.778	57,138
Southwest Michigan Single Point of Entry Project	93.778	76,563
Case Management Services - CHSCS	93.778	98,776
<hr/>		
<i>Passed-through Office of Services to the Aging:</i>		
Targeted Case Management	93.778	40,011
		<hr/> 430,397
<hr/>		
<i>Passed-through Area Agency on Aging Association of Michigan:</i>		
Health Care Financing Research, Demonstrations and Evaluations - MMAP	93.779	12,858
<hr/>		
Direct Program - Healthy Start	93.926E	595,638
<hr/>		
<i>Passed-through Michigan Department of Community Health:</i>		
HIV Prevention Activities - Health Department Based - AIDS/HIV Prevention	93.940	109,208
<hr/>		
<i>Preventative Health Services - Sexually Transmitted Diseases:</i>		
Laboratory Services	93.977	20,027
Sexually Transmitted Disease Control	93.977	19,497
		<hr/> 39,524
<hr/>		
<i>Preventative Health and Health Services Block Grant:</i>		
Healthy Communities Cardiovascular	93.991	751
Sexually Transmitted Disease Control	93.991	51,910
		<hr/> 52,661
<hr/>		
<i>Maternal and Child Health Services Block Grant to the States:</i>		
MCH Block Grant	93.994	144,324
Childhood Lead	93.994	52,807
Case Management Services - CSHCS	93.994	45,301
		<hr/> 242,432
<hr/>		
Total U.S. Department of Health and Human Services		<hr/> 15,016,096

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Year Ended December 31, 2008 (Concluded)

<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:		
<i>Passed-through Michigan Department of Natural Resources:</i>		
<i>Boating Safety Financial Assistance:</i>		
Marine Safety Program	97.012	\$ 28,872
 <i>Passed-through Michigan Department of State Police:</i>		
Emergency Management Performance Grant	97.042	44,250
 <i>Passed-through Van Buren County:</i>		
Homeland Security Grant	97.067	441,182
Total U. S. Department of Homeland Security		514,304
Total Primary Government Unit		\$ 22,200,814

<i>Services</i>	<i>Federal Admin.</i>	<i>Title IIB</i>	<i>Title IIC-1</i>	<i>Title IIC-2</i>	<i>Title VII/EAP</i>	<i>Title VIA</i>
Personal care	\$ -	\$ 8,140	\$ -	\$ -	\$ -	\$ -
Homemaker	-	22,329	-	-	-	-
Home delivered meals	-	-	-	74,076	-	-
Adult day care	-	7,305	-	-	-	-
Care management	-	3,596	-	-	-	-
In-home respite care	-	4,448	-	-	-	-
Case coordination and support	-	37,128	-	-	-	-
Congregate meals	-	-	230,667	-	-	-
Transportation	-	39,364	-	-	-	-
Legal assistance	-	12,476	-	-	-	-
Information and assistance	-	6,105	-	-	-	-
Elder abuse	-	-	-	-	8,631	-
Home repair	-	3,000	-	-	-	-
Home injury control	-	3,000	-	-	-	-
Counseling	-	861	-	-	-	-
Gap services	-	709	-	-	-	-
Senior center staffing	-	28,750	-	-	-	-
Program development	-	38,387	-	-	-	-
PERS	-	2,826	-	-	-	-
Medication management	-	1,566	-	-	-	-
Health promotion	-	-	-	-	-	-
Ombudsman	-	2,351	-	-	-	9,335
Nutrition counseling	-	-	870	1,332	-	-
Caregiver education support and training	-	-	-	-	-	-
Subtotal	-	222,341	231,537	75,408	8,631	9,335
Administration	69,787	-	-	-	-	-
Total	\$ 69,787	\$ 222,341	\$ 231,537	\$ 75,408	\$ 8,631	\$ 9,335

County of Kalamazoo, Michigan

Supplemental Schedule of Expenditures by Service September 30, 2008 (Concluded)

<i>Services</i>	<i>State NHO</i>	<i>State Alt. Care</i>	<i>State Respite/ Tobacco</i>	<i>Civil Money Penalty</i>	<i>State Merit Award Trust</i>	<i>Totals</i>
Personal care	\$ -	\$ 16,994	\$ -	\$ -	\$ -	\$ 47,801
Homemaker	-	55,367	-	-	-	115,283
Home delivered meals	-	-	-	-	-	379,869
Adult day care	-	-	22,785	-	57,322	95,497
Care management	-	-	-	-	-	164,123
In-home respite care	-	-	25,509	-	18,150	62,837
Case coordination and support	-	-	-	-	-	55,413
Congregate meals	-	-	-	-	-	289,615
Transportation	-	-	-	-	-	39,364
Legal assistance	-	-	-	-	-	12,476
Information and assistance	-	-	-	-	-	25,518
Elder abuse prevention	-	-	-	-	-	8,631
Home repair	-	-	-	-	-	3,000
Home injury control	-	-	-	-	-	3,000
Counseling	-	-	-	-	-	8,709
Gap services	-	-	-	-	-	709
Senior center staffing	-	-	-	-	-	28,750
Program development	-	-	-	-	-	38,387
PERS	-	-	-	-	-	2,826
Medication management	-	-	-	-	-	1,566
Health promotion	-	-	-	-	-	14,078
Ombudsman	30,216	-	-	13,269	-	55,171
Nutrition counseling	-	-	-	-	-	2,202
Caregiver education support and training	-	-	-	-	-	39,627
Subtotal	30,216	72,361	48,294	13,269	75,472	1,494,452
Administration	-	-	-	-	7,464	89,230
Total	\$ 30,216	\$ 72,361	\$ 48,294	\$ 13,269	\$ 82,936	\$ 1,583,682

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Schedule of Federal Pass-Through Funds to Subrecipients Year Ended December 31, 2008

<i>Program Name</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
Food Stamp Employment and Training and Supportive Services	10.561	\$ 113,105
Transitional Housing	14.235	42,479
Employment Service/Wagner-Peyser Funded Activities	17.207	521,076
Trade Adjustment Assistance	17.245	154,437
Workforce Investment Act - Adult	17.258	738,036
Workforce Investment Act - Youth	17.259	1,274,748
Workforce Investment Act - Dislocated Workers	17.260	1,254,178
Workforce Investment Act - Local Administration Type A	17.258	110,337
	17.259	110,337
	17.260	110,337
Workforce Investment Act - High Concentration Youth Type N	17.258	3,633
	17.259	3,633
	17.260	3,633
Workforce Investment Act - One-Stop Operations Type A	17.258	24,533
	17.259	24,533
	17.260	24,533
Workforce Investment Act - Performance Incentive Type D	17.258	3,797
	17.259	3,797
	17.260	3,797
Workforce Investment Act - Capacity Building Type E	17.258	8,000
	17.259	8,000
	17.260	8,000
Workforce Investment Act - WF Support Type M	17.258	24,115
	17.259	24,115
	17.260	24,115
Workforce Investment Act - No Worker Left Behind (NWLB) Type V	17.258	23,929
	17.259	23,929
	17.260	23,929
Workforce Investment Act -		
Rapid Response 21st Century Workforce Type C	17.260	25,024
Workforce Investment Act - Dislocated Worker Incumbent Type I	17.260	169,590

County of Kalamazoo, Michigan

Schedule of Expenditures of Federal Awards Schedule of Federal Pass-Through Funds to Subrecipients Year Ended December 31, 2008 (Concluded)

<i>Program Name</i>	<i>Federal CFDA Number</i>	<i>Current Year</i>
Workforce Investment Act -		
Rapid Response No Worker Left Behind Type C	17.260	\$ 80,479
Workforce Investment Act - Disability Program Navigator	17.266	17,679
Special Programs for the Aging - Title III, Part D -		
Disease Prevention and Health Promotion Services	93.043	14,015
Special Programs for the Aging - Title III, Part B -		
Grants for Supportive Services and Senior Centers	93.044	139,201
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	299,543
National Family Caregiver Support	93.052	57,661
Nutrition Services Incentive Program (USDA) -		
Senior Citizens' Meal Program	93.053	152,458
Temporary Assistance for Needy Families - Work First	93.558	2,294,172
Temporary Assistance for Needy Families - Work First JET	93.558	15,000
Temporary Assistance for Needy Families -		
No Worker Left Behind (NWLB)	93.558	47,482
Michigan Infant Mortality Initiative	93.778	6,577
Centers for Medicare and Medicaid Services (CMS)		
Research, Demonstrations, and Evaluations	93.779	11,915
Healthy Start Initiative - Phase II	93.926E	374,976
Homeland Security Grant Program (Transfer of Equipment to KDPS)	97.067	5,331
Homeland Security Grant Program		
(Transfer of Equipment to American Red Cross)	97.067	13,190
Total Federal Pass-Through Funds to Subrecipients		\$ 8,417,384

County of Kalamazoo, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2008

Note 1 The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of 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 2 *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. These grants consist of the following:

<i>December 31, 2008</i>	<i>Federal CFDA Number</i>	<i>Current Year Expenditures</i>
Primary Government -		
U.S. Department of Transportation -		
<i>Passed-through Michigan Department of Transportation:</i>		
Airport Improvement Program	20.106	\$ 2,757,941
Airport Security Reimbursement	20.106	118,759
Total Primary Government -		
U.S. Department of Transportation		\$ 2,876,700
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	\$ 3,318,233

County of Kalamazoo, Michigan

Schedule of Findings and Questioned Costs Year Ended December 31, 2008

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None Reported

An unqualified opinion was issued on the compliance report for major programs.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of <i>Circular A-133</i> ?	No
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Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
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17.258	WIA Cluster Program
17.259	WIA Cluster Program
17.260	WIA Cluster Program
93.044	Special Programs for the Aging
93.045	Special Programs for the Aging
93.053	Special Programs for the Aging
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.600	Head Start
93.268	Immunization Grants

Dollar threshold used to distinguish between Type A and Type B Programs	\$ 666,024
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Auditee qualified as low-risk auditee?	Yes
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Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

