

St. Joseph County, Michigan



FINANCIAL STATEMENTS

For the Fiscal Year Ended
December 31, 2008

ST. JOSEPH COUNTY, MICHIGAN

For the Fiscal Year Ended December 31, 2008

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

June 18, 2009

To the Board of Commissioners of
St. Joseph County
Centreville, 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 ***ST. JOSEPH COUNTY, MICHIGAN*** as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of St. Joseph County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ***St. Joseph County, Michigan***, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparisons for the general fund and major special revenue funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

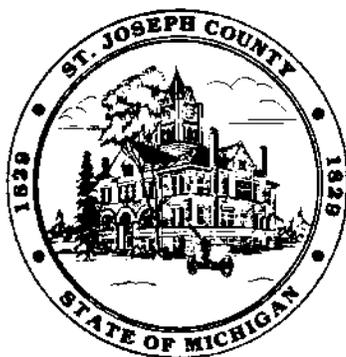
The Management's Discussion and Analysis on pages 3-10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management 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.

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2009, on our consideration of the County's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Joseph County's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of St. Joseph County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive style with a large, prominent initial 'L'.

MANAGEMENT'S DISCUSSION and ANALYSIS



COUNTY ADMINISTRATOR

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Management's Discussion and Analysis

As management of St. Joseph County, we offer this narrative overview and analysis of the financial activities of the County, including limited information pertaining to the separately audited Road Commission for the year ended December 31, 2008. For more detailed information, the Road Commission's separately issued financial statements may be obtained from its administrative offices.

Financial Highlights

- The assets of the County primary government exceeded its liabilities at the close of the fiscal year by approximately \$39.8 million (*net assets*). Of this amount, approximately \$21.5 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations.
- The government's total net assets increased by approximately \$.7 million, or 1.8 percent over the prior year.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$11.8 million, a decrease of approximately \$.4 million or 3.6 percent less than the prior year. Of this total, approximately \$11.7 million or 99.5 percent is available for spending (*unreserved and undesignated fund balance*); however, the major portion of this amount (approximately \$7.8 million) is available only for the special revenue fund purposes from which these funds are derived.
- At the end of the fiscal year, unreserved and undesignated fund balance for the General Fund was approximately \$3.9 million, an amount equal to 26.4 percent of total General Fund expenditures and transfers.
- The County's total net bonded debt, including that of the Drain Commission and Board of Public Works component units, decreased by a net of \$449,944 during the current fiscal year. New bond issues included \$53,000 in Drain notes.

Overview of the Financial Statements

The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide 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 indicate whether the financial position of the County is improving or deteriorating. 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.

Both of the government-wide financial statements distinguish functions of St. Joseph County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works, health and welfare, community and economic development, recreation and cultural functions. The business-type activities primarily represent the administration of the delinquent property tax system.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also four (4) legally separate entities: the St. Joseph County Road Commission, the Board of Public Works, the Drainage Districts, and the Economic Development Corporation. Financial information for the *component units* is reported separately from the financial information presented for the primary government itself.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 39 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Revenue Sharing Reserve, Central Dispatch, Commission on Aging, and Budget Stabilization fund, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General, special revenue, capital projects, internal service, and enterprise funds. A budgetary comparison schedule for the required major funds has been provided herein to demonstrate compliance with the County General, Revenue Sharing Reserve, Central Dispatch, and Commission on Aging funds budgets.

Proprietary funds. The County maintains two types of proprietary funds: enterprise and internal service. *Enterprise funds* report the same functions as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the Tax Payment Fund which is considered to be a major fund. Data from the other nonmajor enterprise funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

Internal service funds report activities that provide supplies or service to the County’s other operations, such as the Flexible Benefit Insurance Fund. Internal Service funds are reported as governmental activities on the government-wide statements.

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.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information, including combining statements of the nonmajor governmental funds and internal service funds information.

Government-wide Financial Analysis

Statement of Net Assets

St. Joseph County’s Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$15,384,596	\$15,533,193	\$17,590,054	\$16,569,184	\$32,974,650	\$32,102,377
Capital assets	10,470,316	10,334,625	7,679	8,336	10,477,995	10,342,961
Total assets	25,854,912	25,867,818	17,597,733	16,577,520	43,452,645	42,445,338
Liabilities						
Current	3,610,333	3,317,831	5,610	7,911	3,615,943	3,325,742
Non-current	-	-	-	-	-	-
Total liabilities	3,610,333	3,317,831	5,610	7,911	3,615,943	3,325,742
Net Assets						
Invested in capital assets – net of related debt	10,470,316	10,334,625	7,679	8,336	10,477,995	10,342,961
Restricted	7,863,653	8,179,392	-	-	7,863,653	8,179,392
Unrestricted	3,910,610	4,035,970	17,584,444	16,561,273	21,495,054	20,597,243
Total net assets	\$22,244,579	\$22,549,987	\$17,592,123	\$16,569,609	\$39,836,702	\$39,119,596

As noted previously, net assets serve over time as a useful indicator of a government's financial position. In the case of St. Joseph County, assets exceeded liabilities by approximately \$39.8 million at the close of the fiscal year. This amount compares favorably with the prior year where net assets totaled \$39.1 million.

The County's net assets include approximately \$10.5 million in capital assets comprised of land, buildings, vehicles and equipment less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Certain other limitations on the use of net assets apply due primarily to legal restrictions. These restricted net assets total approximately \$7.9 million. The remaining balance of unrestricted net assets (\$3.9 million or 18 percent) may be used to meet the government's ongoing obligations.

Statement of Activities

St. Joseph County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenue:						
Charges for services	\$ 3,591,056	\$ 4,002,351	\$ 724,372	\$ 915,642	\$ 4,315,428	\$ 4,917,993
Operating grants and contributions	2,989,792	\$ 3,538,990	-	-	2,989,792	3,538,990
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	11,063,585	10,274,766	-	-	11,063,585	10,274,766
Investment earnings	404,695	685,059	420,498	711,971	825,193	1,397,030
Miscellaneous	-	-	-	-	-	-
Transfers	-	14,673	-	(14,673)	-	-
Total revenues	<u>18,049,128</u>	<u>18,515,839</u>	<u>1,144,870</u>	<u>1,612,940</u>	<u>19,193,998</u>	<u>20,128,779</u>
Expenses						
General government	8,014,300	7,725,311	-	-	8,014,300	7,725,311
Public safety	6,155,296	5,829,216	-	-	6,155,296	5,829,216
Public works	136,285	307,306	-	-	136,285	307,306
Health and social services	3,093,141	3,249,025	-	-	3,093,141	3,249,025
Parks, recreation and cultural	280,911	286,197	-	-	280,911	286,197
Community development	104,537	305,671	-	-	104,537	305,671
Unallocated depreciation	570,066	588,503	-	-	570,066	588,503
Other	-	-	122,356	120,923	122,356	120,923
Total expenses	<u>18,354,536</u>	<u>18,291,229</u>	<u>122,356</u>	<u>120,923</u>	<u>18,476,892</u>	<u>18,412,152</u>
Increase in net assets	(305,408)	224,610	1,022,514	1,492,017	717,106	1,716,627
Net assets, beginning of year	<u>22,549,987</u>	<u>22,325,377</u>	<u>16,569,609</u>	<u>15,077,592</u>	<u>39,119,596</u>	<u>37,402,969</u>
Net assets, end of year	<u>\$22,244,579</u>	<u>\$22,549,987</u>	<u>\$17,592,123</u>	<u>\$16,569,609</u>	<u>\$39,836,702</u>	<u>\$39,119,596</u>

The preceding table shows that the net assets of governmental activities increased by approximately \$.7 million or 1.8 percent during 2008 as compared to approximately \$1.7 million in the prior year.

Business-type Activities

Net assets of the County's business-type activities increased by approximately \$1.0 million. Net assets of the Tax payment fund increased by approximately \$992,000 while net assets of the other nonmajor enterprise funds increased by approximately \$30,000.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$11.8 million. This represents a decrease of approximately \$.4 million in comparison with the prior year. A \$1.3 million decrease in fund balance is explained by a transfer to General Fund from the Revenue Sharing Reserve, which provides an alternative to the elimination of State Revenue Sharing. The General Fund decreased its fund balance by approximately \$127,000. The Central Dispatch Fund increased its fund balance by approximately \$99,000, the Commission on Aging Fund by \$417,000, and the County Facilities Maintenance Fund by \$404,000.

Approximately \$11.7 million or 99.5 percent of total fund balance constitutes *unreserved and undesignated fund balance*, which is available for spending. However approximately \$7.8 million of this amount may only be used for special revenue fund purposes. The remainder of fund balance is either *reserved* to indicate that it is not available for new spending (approximately \$.005 million), or is *designated* to support capital and other projects (approximately \$.6 million).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the total fund balance was approximately \$3.9 million, while the unreserved/undesignated fund balance of the General Fund was also approximately \$3.9 million, an amount equal to 26.4 percent of total General Fund expenditures. This level of General Fund unreserved/undesignated fund balance is consistent with recognized benchmarks that governments should strive to maintain.

The fund balance of the County's General Fund decreased by approximately \$127,000 during the current fiscal year, and compares unfavorably with the approximately \$512,000 increase in the General Fund balance reported during the prior year.

The Revenue Sharing Reserve Fund has a total fund balance of approximately \$1.9 million. As indicated above this recently established fund, authorized by shifting forward the collection date for the County portion of the property tax levy from December to July, is intended to provide a reserve from which the County may draw amounts to replace revenues previously received from the now suspended State Revenue Sharing program. The current fund balance represents the remaining balance of a three year phase-in that ultimately provided deposits totaling approximately \$6.8 million to this fund. The balance in this fund is projected to be exhausted in fiscal year 2010 at which time the County is to revert to an alternate State sponsored revenue source.

General Fund Budgetary Highlights

The original General Fund budget of \$14.3 million increased to \$15.1 million after revisions; however, actual expenditures totaled only \$14.7 million for a net savings of approximately \$398,000 or 2.6 percent under the revised budget. Expenditure savings came from many departments. Elections, Sheriff Department and the Jail were under budget.

Actual revenues came in at just under \$14.5 million or within .3 percent of the revised budget of \$14.6 million. (Approximately \$534,000 was budgeted from fund balance to match revenues with expenditures.) Taxes were less than expected and charges for services and interest earned on investments were more than anticipated.

Capital Asset and Debt Administration

Capital Assets - At the end of 2008, the County had invested \$10,477,995, and \$2,022,086 for the component units (excluding the Road Commission, see separately issued financial statements), net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was \$10,512,845 for the primary government. Depreciation charges for the fiscal year totaled \$571,723 for the primary government and \$64,147 for the component units.

The largest expenditure of approximately \$239,520 was incurred by the Central Dispatch Fund for construction in progress on the County wide radio system.

	Governmental Activities	Business- type Activities	Component Units Drains	Component Unit Economic Development	Total
Land	\$ 441,196				\$ 441,196
Construction in progress	382,584				382,584
Land Improvements, net	1,022,510				1,022,510
Buildings, net	7,370,245	-	-	-	7,370,245
Vehicles and Equipment, net	1,253,781	7,679	-	249	1,261,709
Drains, net	-	-	2,021,837	-	2,021,837
Capital assets, net	\$ 10,470,316	\$ 7,679	\$ 2,021,837	\$ 249	\$ 12,500,081

Long-term Debt - The County uses its full faith and credit (as a secondary obligator), to back the Board of Public Works component unit debt. The Drain Commission administers debt for various local drainage districts and water and sewer systems for local municipalities in St. Joseph County. All drain debt is payable out of assessments against the drainage districts or by contractual agreements with local units of government. The County Commission by a majority vote of 2/3 of its members may pledge the full faith and credit of the County for payment of a Drainage District note. The following table excludes the County Road Commission.

Outstanding Debt as of December 31, 2008:

Primary Government	<u>Jan. 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2008</u>
Governmental Activities				
Loans Payable	\$ -	\$ -	\$ -	\$ -
Component Units				
Board of Public Works				
Water and Sewer Bonds	3,365,000	-	225,000	3,140,000
Drainage Districts				
Drain Bonds and Notes	<u>1,171,751</u>	<u>53,000</u>	<u>277,944</u>	<u>946,807</u>
Total Component Units	<u>4,536,751</u>	<u>53,000</u>	<u>502,944</u>	<u>4,086,807</u>
Total Reporting Entity	<u>\$ 4,536,751</u>	<u>\$ 53,000</u>	<u>\$ 502,944</u>	<u>\$ 4,086,807</u>
Debt Limit (10% of SEV)				<u>\$ 248,246,841</u>
Available Statutory Debt Limit				<u>\$ 244,160,034</u>

Activity for the Component Units and Drain Funds during fiscal year 2008 included the issuance of \$53,000 in drainage district notes.

A more detailed discussion of the County's long-term debt obligations is presented in Note 6 to the financial statements.

Limitations on Debt:

State statute limits the County's debt obligations to 10 percent of the current state equalized value (SEV). The County's SEV as of December 31, 2007 was approximately \$2.482 billion; therefore the County's debt limitation was approximately \$248 million. The County remains well below its legal debt limit by over \$244 million.

ST. JOSEPH COUNTY GOVERNMENT ECONOMIC OUTLOOK:

- The Revenue Sharing Reserve Fund was established by the State in order to replace State Revenue Sharing payments to counties. This fund will be exhausted in 2010. A source of revenue to replace these funds will be needed for 2010 or cuts in services will be required.
- The continued uncertainty over the State's budget situation may lead to decreases in other areas of State funding.
- Two large capital projects started in 2008 were in progress at the end of the year and continued into 2009. These were replacing the County-wide radio system (Central Dispatch) and a Courts Building HVAC upgrade (Facilities Maintenance Fund).

These factors were considered in adopting the Budget for 2009. The county continues to look for ways to increase efficiencies and reduce the cost of doing business.

CONTACTING THE COUNTY

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the St. Joseph County Treasurer's Office at (269) 467-5527 or St. Joseph County Finance at (269) 467-5631 or via email, careyd@stjosephcountymi.org.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Assets

December 31, 2008

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 5,761,735	\$ 4,424,216	\$ 10,185,951	\$ 654,081
Investments	6,192,824	10,791,008	16,983,832	-
Receivables, net	3,104,404	2,374,830	5,479,234	6,230,828
Other assets	325,633	-	325,633	797,799
Capital assets not being depreciated	823,780	-	823,780	8,300,056
Capital assets being depreciated, net	9,646,536	7,679	9,654,215	23,557,107
Total assets	25,854,912	17,597,733	43,452,645	39,539,871
Liabilities				
Accounts payable and accrued expenses	1,486,607	5,610	1,492,217	348,442
Interest payable	-	-	-	56,486
Unearned revenue	2,123,726	-	2,123,726	1,158,190
Long-term liabilities:				
Due within one year	-	-	-	486,370
Due in more than one year	-	-	-	3,849,292
Total liabilities	3,610,333	5,610	3,615,943	5,898,780
Net assets				
Invested in capital assets, net of related debt	10,470,316	7,679	10,477,995	30,813,430
Restricted for:				
Debt service	-	-	-	117,675
Capital projects	622,723	-	622,723	-
Other purposes	7,224,361	-	7,224,361	-
Permanent trust	16,569	-	16,569	-
Unrestricted	3,910,610	17,584,444	21,495,054	2,709,986
Total net assets	\$ 22,244,579	\$ 17,592,123	\$ 39,836,702	\$ 33,641,091

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

ST. JOSEPH COUNTY, MICHIGAN
Statement of Activities
For the Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 8,014,300	\$ 2,023,329	\$ 1,820,044	\$ -	\$ (4,170,927)
Public safety	6,155,296	899,723	639,236	-	(4,616,337)
Public works	136,285	279,829	-	-	143,544
Health and social services	3,093,141	305,651	513,541	-	(2,273,949)
Parks, recreation, and cultural	280,911	82,247	3,691	-	(194,973)
Community development	104,537	277	13,280	-	(90,980)
Unallocated depreciation	570,066	-	-	-	(570,066)
Total governmental activities	18,354,536	3,591,056	2,989,792	-	(11,773,688)
Business-type activities:					
Tax Payment Fund	-	647,649	-	-	647,649
Other	122,356	76,723	-	-	(45,633)
Total business-type activities	122,356	724,372	-	-	602,016
Total primary government	\$ 18,476,892	\$ 4,315,428	\$ 2,989,792	\$ -	\$ (11,171,672)
Component units					
Board of Public Works	\$ 157,377	\$ (236,778)	\$ 385,263	\$ -	\$ (8,892)
Drainage Districts	281,036	4,893	-	74,707	(201,436)
Economic Development Corporation	382,228	46,607	326,206	-	(9,415)
Road Commission	6,955,604	598,998	5,623,775	-	(732,831)
Total component units	\$ 7,776,245	\$ 413,720	\$ 6,335,244	\$ 74,707	\$ (952,574)

Continued...

ST. JOSEPH COUNTY, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended December 31, 2008

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	
Change in net assets				
Net (expense) revenue	\$ (11,773,688)	\$ 602,016	\$ (11,171,672)	\$ (952,574)
General revenues:				
Property taxes	11,063,585	-	11,063,585	1,135,925
Unrestricted investment earnings	404,695	420,498	825,193	32,617
Total general revenues and transfers	11,468,280	420,498	11,888,778	1,168,542
Change in net assets	(305,408)	1,022,514	717,106	215,968
Net assets, beginning of year	22,549,987	16,569,609	39,119,596	33,425,123
Net assets, end of year	<u>\$ 22,244,579</u>	<u>\$ 17,592,123</u>	<u>\$ 39,836,702</u>	<u>\$ 33,641,091</u>

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

FUND FINANCIAL STATEMENTS

ST. JOSEPH COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
December 31, 2008

	General	Special Revenue Funds			Budget Stabilization	Other Governmental Funds	Total Governmental Funds
		Revenue Sharing Reserve	Central Dispatch	Commission on Aging			
<u>ASSETS</u>							
Assets							
Cash and cash equivalents	\$ (2,738,337)	\$ 1,852,517	\$ 1,038,345	\$ 1,115,099	\$ 1,856,700	\$ 2,131,808	\$ 5,256,132
Investments	6,192,824	-	-	-	-	-	6,192,824
Receivables:							
Property taxes	861,801	-	1,362,850	-	-	-	2,224,651
Accounts, net	95,370	-	-	22,555	-	114,917	232,842
Interest receivable	30,621	-	-	-	-	-	30,621
Due from other governments:							
Federal/State	442,599	-	-	32,947	-	132,669	608,215
Due from other funds	121,420	-	-	-	-	-	121,420
Inventory	31,869	-	-	11,506	-	-	43,375
Prepays	1,829	-	-	10,434	-	2,781	15,044
Other assets	67,218	-	8,322	20,350	-	7,880	103,770
<u>TOTAL ASSETS</u>	<u>\$ 5,107,214</u>	<u>\$ 1,852,517</u>	<u>\$ 2,409,517</u>	<u>\$ 1,212,891</u>	<u>\$ 1,856,700</u>	<u>\$ 2,390,055</u>	<u>\$ 14,828,894</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities							
Accounts payable	\$ 222,055	\$ -	\$ 27,618	\$ 48,333	\$ -	\$ 178,349	\$ 476,355
Accrued liabilities	216,644	-	26,754	39,183	-	21,944	304,525
Due to other governmental units:							
Federal/State	-	-	-	31,576	-	-	31,576
Due to other funds	-	-	-	-	-	121,420	121,420
Deferred revenue	760,876	-	1,362,850	-	-	-	2,123,726
Total liabilities	1,199,575	-	1,417,222	119,092	-	321,713	3,057,602
Fund balances							
Reserved for:							
Inventory	31,869	-	-	11,506	-	-	43,375
Prepays	1,829	-	-	10,434	-	2,781	15,044
Unreserved:							
Undesignated	3,873,941	1,852,517	992,295	1,071,859	1,856,700	-	9,647,312
Undesignated, reported in nonmajor:							
Special revenue funds	-	-	-	-	-	1,426,269	1,426,269
Capital project funds	-	-	-	-	-	622,723	622,723
Permanent fund	-	-	-	-	-	16,569	16,569
Total fund balances	3,907,639	1,852,517	992,295	1,093,799	1,856,700	2,068,342	11,771,292
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 5,107,214</u>	<u>\$ 1,852,517</u>	<u>\$ 2,409,517</u>	<u>\$ 1,212,891</u>	<u>\$ 1,856,700</u>	<u>\$ 2,390,055</u>	<u>\$ 14,828,894</u>

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

ST. JOSEPH COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
December 31, 2008

Fund balances - governmental funds \$ 11,771,292

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.

Add - capital assets	\$ 20,968,707	
Deduct - accumulated depreciation	<u>(10,498,391)</u>	10,470,316

Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

Add - net assets of governmental activities accounted for in the internal service fund	<u>2,971</u>
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Net assets of governmental activities \$ 22,244,579

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

ST. JOSEPH COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds	
	General	Revenue Sharing Reserve	Central Dispatch	Commission on Aging			Budget Stabilization
Revenues							
Property taxes	\$ 8,413,462	\$ -	\$ 1,325,087	\$ 1,325,211	\$ -	\$ -	\$ 11,063,760
Licenses and permits	108,338	-	-	-	-	7,215	115,553
Intergovernmental:							
Federal/State	1,832,414	-	-	389,584	-	767,794	2,989,792
Charges for services	2,024,031	-	-	61,055	-	547,175	2,632,261
Fines and forfeitures	193,709	-	-	-	-	209,666	403,375
Interest and rents	365,051	-	34,142	-	-	14,550	413,743
Miscellaneous	169,679	-	1,189	235,627	-	24,149	430,644
Total revenues	13,106,684	-	1,360,418	2,011,477	-	1,570,549	18,049,128
Expenditures							
Current:							
General government	8,257,546	-	-	-	-	176,586	8,434,132
Public safety	4,027,415	-	1,245,939	-	-	881,942	6,155,296
Public works	61,548	-	-	-	-	74,737	136,285
Health and social services	1,082,552	-	-	1,594,097	-	416,492	3,093,141
Community development	-	-	-	-	-	93,218	93,218
Parks, recreation and culture	11,319	-	-	-	-	280,911	292,230
Capital outlay	-	-	-	-	-	288,249	288,249
Total expenditures	13,440,380	-	1,245,939	1,594,097	-	2,212,135	18,492,551
Revenues over (under) expenditures	(333,696)	-	114,479	417,380	-	(641,586)	(443,423)
Other financing sources (uses)							
Transfers in	1,444,174	-	-	-	-	1,307,695	2,751,869
Transfers out	(1,238,162)	(1,319,656)	(15,000)	-	-	(179,051)	(2,751,869)
Total other sources (uses)	206,012	(1,319,656)	(15,000)	-	-	1,128,644	-
Net change in fund balances	(127,684)	(1,319,656)	99,479	417,380	-	487,058	(443,423)
Fund balances, beginning of year	4,035,323	3,172,173	892,816	676,419	1,856,700	1,581,284	12,214,715
Fund balances, end of year	\$ 3,907,639	\$ 1,852,517	\$ 992,295	\$ 1,093,799	\$ 1,856,700	\$ 2,068,342	\$ 11,771,292

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

ST. JOSEPH COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2008

Net change in fund balance - total governmental funds \$ (443,423)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Add - capital outlay	\$ 718,601	
Deduct - depreciation expense	(570,066)	
Deduct - loss on disposal of capital assets	(12,844)	
	135,691	135,691

Internal service funds are used by management to charge costs of certain activities, such as insurance, to individual funds. The net change in net assets of the internal service funds is reported with governmental activities in the Statement of Activities.

Add - net operating income from governmental activities in internal service fund		2,324
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Change in net assets of governmental activities \$ (305,408)

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

ST. JOSEPH COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ 8,652,387	\$ 8,652,387	\$ 8,413,462	\$ (238,925)
Licenses and permits	87,600	87,600	108,338	20,738
Intergovernmental:				
Federal/State	1,745,756	1,908,532	1,832,414	(76,118)
Charges for services	1,949,905	1,942,519	2,024,031	81,512
Fines and forfeitures	237,300	245,400	193,709	(51,691)
Interest and rents	281,300	281,300	365,051	83,751
Miscellaneous	54,466	67,041	169,679	102,638
	<u>13,008,714</u>	<u>13,184,779</u>	<u>13,106,684</u>	<u>(78,095)</u>
Expenditures				
Current:				
General government administration	8,396,998	8,508,213	8,257,546	250,667
Public safety	4,024,623	4,153,693	4,027,415	126,278
Public works	63,036	63,036	61,548	1,488
Health and social services	1,048,751	1,123,996	1,082,552	41,444
Community development	12,977	12,977	11,319	1,658
	<u>13,546,385</u>	<u>13,861,915</u>	<u>13,440,380</u>	<u>421,535</u>
Revenues over (under) expenditures	<u>(537,671)</u>	<u>(677,136)</u>	<u>(333,696)</u>	<u>343,440</u>
Other financing sources (uses)				
Transfers in	1,410,946	1,410,946	1,444,174	33,228
Transfers out	<u>(963,962)</u>	<u>(1,267,883)</u>	<u>(1,238,162)</u>	<u>29,721</u>
Total other sources (uses)	<u>446,984</u>	<u>143,063</u>	<u>206,012</u>	<u>62,949</u>
Net changes in fund balance	(90,687)	(534,073)	(127,684)	406,389
Fund balance, beginning of year	<u>4,035,323</u>	<u>4,035,323</u>	<u>4,035,323</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 3,944,636</u></u>	<u><u>\$ 3,501,250</u></u>	<u><u>\$ 3,907,639</u></u>	<u><u>\$ 406,389</u></u>

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

ST. JOSEPH COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Revenue Sharing Reserve Special Revenue Fund
For the Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Other financing (uses)				
Transfers out	<u>(1,319,656)</u>	<u>(1,319,656)</u>	<u>(1,319,656)</u>	<u>-</u>
Net change in fund balance	(1,319,656)	(1,319,656)	(1,319,656)	-
Fund balance, beginning of year	<u>3,172,173</u>	<u>3,172,173</u>	<u>3,172,173</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,852,517</u></u>	<u><u>\$ 1,852,517</u></u>	<u><u>\$ 1,852,517</u></u>	<u><u>\$ -</u></u>

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

ST. JOSEPH COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Central Dispatch Special Revenue Fund
For the Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ 1,319,200	\$ 1,319,200	\$ 1,325,087	\$ 5,887
Interest and rents	10,000	10,000	34,142	24,142
Miscellaneous	-	-	1,189	1,189
Total revenues	<u>1,329,200</u>	<u>1,329,200</u>	<u>1,360,418</u>	<u>31,218</u>
Expenditures				
Current:				
Public safety	<u>1,585,969</u>	<u>1,585,969</u>	<u>1,245,939</u>	<u>340,030</u>
Revenues over (under) expenditures	(256,769)	(256,769)	114,479	371,248
Other financing sources (uses)				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balance	(271,769)	(271,769)	99,479	371,248
Fund balance, beginning of year	<u>892,816</u>	<u>892,816</u>	<u>892,816</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 621,047</u></u>	<u><u>\$ 621,047</u></u>	<u><u>\$ 992,295</u></u>	<u><u>\$ 371,248</u></u>

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

ST. JOSEPH COUNTY, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Commission on Aging Revenue Fund
For the year ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Revenues				
Taxes	\$ 1,341,125	\$ 1,341,125	\$ 1,325,211	\$ (15,914)
Intergovernmental:				
Federal/State	379,688	380,887	389,584	8,697
Charges for services	48,200	48,200	61,055	12,855
Miscellaneous	183,355	205,663	235,627	29,964
	<u>1,952,368</u>	<u>1,975,875</u>	<u>2,011,477</u>	<u>35,602</u>
Expenditures				
Current:				
Health and social services	<u>1,952,368</u>	<u>1,975,875</u>	<u>1,594,097</u>	<u>381,778</u>
Total expenditures	1,952,368	1,975,875	1,594,097	381,778
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>417,380</u>	<u>417,380</u>
Net change in fund balance	-	-	417,380	417,380
Fund balance, beginning of year	<u>676,419</u>	<u>676,419</u>	<u>676,419</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 676,419</u></u>	<u><u>\$ 676,419</u></u>	<u><u>\$ 1,093,799</u></u>	<u><u>\$ 417,380</u></u>

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

ST. JOSEPH COUNTY, MICHIGAN

Statement of Net Assets

Proprietary Funds

December 31, 2008

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Tax Payment Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>	
Assets				
Current assets:				
Cash and cash equivalents	\$ 4,156,591	\$ 267,625	\$ 4,424,216	\$ 505,603
Investments	10,791,008	-	10,791,008	-
Receivables:				
Property taxes	2,254,192	-	2,254,192	-
Accounts, net	24,715	27,703	52,418	8,075
Interest receivable	67,879	341	68,220	-
Prepays	-	-	-	163,444
Total current assets	<u>17,294,385</u>	<u>295,669</u>	<u>17,590,054</u>	<u>677,122</u>
Noncurrent assets:				
Equipment	-	7,679	7,679	-
Total assets	<u>17,294,385</u>	<u>303,348</u>	<u>17,597,733</u>	<u>677,122</u>
Liabilities				
Current liabilities:				
Accounts payable	315	3,477	3,792	-
Accrued liabilities	-	1,818	1,818	-
Accrued compensated absences	-	-	-	674,151
Total liabilities	<u>315</u>	<u>5,295</u>	<u>5,610</u>	<u>674,151</u>
Net assets				
Invested in capital assets	-	7,679	7,679	-
Unrestricted	<u>17,294,070</u>	<u>290,374</u>	<u>17,584,444</u>	<u>2,971</u>
Total net assets	<u>\$ 17,294,070</u>	<u>\$ 298,053</u>	<u>\$ 17,592,123</u>	<u>\$ 2,971</u>

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

ST. JOSEPH COUNTY, MICHIGAN
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary funds
For the Year Ended December 31, 2008

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Tax Payment Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>	
Operating revenues				
Charges for services	\$ -	\$ 96,541	\$ 96,541	\$ 1,919,627
Interest on taxes	575,328	-	575,328	-
Other revenues	-	52,503	52,503	-
	<u>575,328</u>	<u>149,044</u>	<u>724,372</u>	<u>1,919,627</u>
Operating expenses				
Personal services and benefits	-	120,699	120,699	1,917,303
Depreciation	-	1,657	1,657	-
	<u>-</u>	<u>122,356</u>	<u>122,356</u>	<u>1,917,303</u>
Total operating expenses	-	122,356	122,356	1,917,303
Operating income	575,328	26,688	602,016	2,324
Nonoperating revenues				
Interest income	416,489	4,009	420,498	-
Change in net assets	991,817	30,697	1,022,514	2,324
Net assets, beginning of year	16,302,253	267,356	16,569,609	647
Net assets, end of year	<u>\$ 17,294,070</u>	<u>\$ 298,053</u>	<u>\$ 17,592,123</u>	<u>\$ 2,971</u>

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

ST. JOSEPH COUNTY, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Tax Payment Fund	Nonmajor Funds	Total	
Cash flows from operating activities				
Cash received from customers	\$ 257,531	\$ 194,322	\$ 451,853	\$ 1,916,228
Cash received from others	-	52,503	52,503	-
Cash paid to/for employees	-	(41,286)	(41,286)	(1,906,322)
Cash paid to suppliers	315	(96,702)	(96,387)	-
	<u>257,846</u>	<u>108,837</u>	<u>366,683</u>	<u>9,906</u>
Net cash provided by (used in) operating activities				
	<u>257,846</u>	<u>108,837</u>	<u>366,683</u>	<u>9,906</u>
Cash flows from capital and related financing activities				
Capital acquisitions	-	(1,000)	(1,000)	-
	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Cash flows from investing activities				
Purchase of investments	(462,223)	-	(462,223)	-
Maturity of investments	1,461,020		1,461,020	
Interest received	416,489	4,009	420,498	-
	<u>1,415,286</u>	<u>4,009</u>	<u>1,419,295</u>	<u>-</u>
Net cash provided by investing activities				
	<u>1,415,286</u>	<u>4,009</u>	<u>1,419,295</u>	<u>-</u>
Net increase in cash and cash equivalents	1,673,132	111,846	1,784,978	9,906
Cash and cash equivalents, beginning of year	2,483,459	155,779	2,639,238	495,697
	<u>2,483,459</u>	<u>155,779</u>	<u>2,639,238</u>	<u>495,697</u>
Cash and cash equivalents, end of year	<u>\$ 4,156,591</u>	<u>\$ 267,625</u>	<u>\$ 4,424,216</u>	<u>\$ 505,603</u>

Continued...

ST. JOSEPH COUNTY, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended December 31, 2008

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Tax Payment Fund</u>	<u>Delinquent Nonmajor Funds</u>	<u>Total</u>	
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 575,328	\$ 26,688	\$ 602,016	\$ 2,324
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	1,657	1,657	-
Change in assets and liabilities:				
Taxes receivable	(356,992)	-	(356,992)	-
Accounts receivable	424	97,383	97,807	(4,356)
Interest receivable	38,771	398	39,169	-
Prepays	-	-	-	957
Accounts payable	315	(2,956)	(2,641)	-
Accrued liabilities	-	340	340	-
Due to other funds	-	(14,673)	(14,673)	-
Accrued compensated absences	-	-	-	10,981
Net cash provided by operating activities	<u>\$ 257,846</u>	<u>\$ 108,837</u>	<u>\$ 366,683</u>	<u>\$ 9,906</u>

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

ST. JOSEPH COUNTY, MICHIGAN
Statement of Fiduciary Net Assets and Liabilities - Fiduciary Funds
December 31, 2008

Assets

Cash and cash equivalents	\$ 1,695,215
Accounts receivable	<u>238,085</u>
Total assets	<u><u>\$ 1,933,300</u></u>

Liabilities

Due to individuals/agencies	\$ 1,860,252
Due to other governmental units	<u>73,048</u>
Total liabilities	<u><u>\$ 1,933,300</u></u>

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

ST. JOSEPH COUNTY, MICHIGAN
Combining Statement of Net Assets
Discretely Presented Component Units
December 31, 2008

	<u>Department of Public Works</u>	<u>Drainage Districts</u>	<u>Economic Development Corporation</u>	<u>Road Commission</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 555	\$ 492,888	\$ 16,664	\$ 143,974	\$ 654,081
Receivables:					
Special assessments	-	905,368	-	-	905,368
Accounts, net	-	-	80,335	2,067,273	2,147,608
Leases receivable	3,177,852	-	-	-	3,177,852
Inventories	-	-	-	797,799	797,799
Capital assets not being depreciated	-	-	-	8,300,056	8,300,056
Capital assets being depreciated, net	-	2,021,837	249	21,535,021	23,557,107
Total assets	<u>3,178,407</u>	<u>3,420,093</u>	<u>97,248</u>	<u>32,844,123</u>	<u>39,539,871</u>
Liabilities					
Accounts payable	-	4,083	55,900	182,744	242,727
Accrued liabilities	-	-	2,766	25,446	28,212
Interest payable	38,407	18,079	-	-	56,486
Unearned revenue	-	-	-	1,158,190	1,158,190
Advances from primary government	-	77,503	-	-	77,503
Long-term debt:					
Due within one year	240,000	119,444	-	126,926	486,370
Due in more than one year	2,900,000	827,363	-	121,929	3,849,292
Total liabilities	<u>3,178,407</u>	<u>1,046,472</u>	<u>58,666</u>	<u>1,615,235</u>	<u>5,898,780</u>
Net assets					
Invested in capital assets, net of related debt	-	1,075,030	249	29,738,151	30,813,430
Restricted for debt service	-	117,675	-	-	117,675
Unrestricted	-	1,180,916	38,333	1,490,737	2,709,986
Total net assets	<u>\$ -</u>	<u>\$ 2,373,621</u>	<u>\$ 38,582</u>	<u>\$ 31,228,888</u>	<u>\$ 33,641,091</u>

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

ST. JOSEPH COUNTY, MICHIGAN
Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended December 31, 2008

	<u>Department of Public Works</u>	<u>Drainage Districts</u>	<u>Economic Development Corporation</u>	<u>Road Commission</u>	<u>Total</u>
Expenses					
Public works	\$ 157,377	\$ 281,036	\$ 382,228	\$ -	\$ 820,641
Highways and streets	-	-	-	6,955,604	6,955,604
Total expenses	<u>157,377</u>	<u>281,036</u>	<u>382,228</u>	<u>6,955,604</u>	<u>7,776,245</u>
Program revenues					
Property taxes	-	-	-	1,135,925	1,135,925
Charges for services	-	-	-	598,998	598,998
Operating grants and contributions	148,485	4,893	370,867	5,623,775	6,148,020
Capital grants and contributions	-	74,707	-	-	74,707
Total program revenues	<u>148,485</u>	<u>79,600</u>	<u>370,867</u>	<u>7,358,698</u>	<u>7,957,650</u>
Net program revenue	(8,892)	(201,436)	(11,361)	403,094	181,405
General revenues					
Unrestricted investment earnings	-	8,786	1,946	23,831	34,563
Change in net assets	(8,892)	(192,650)	(9,415)	426,925	215,968
Net assets, beginning of year	<u>8,892</u>	<u>2,566,271</u>	<u>47,997</u>	<u>30,801,963</u>	<u>33,425,123</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 2,373,621</u>	<u>\$ 38,582</u>	<u>\$ 31,228,888</u>	<u>\$ 33,641,091</u>

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

NOTES to the FINANCIAL STATEMENTS

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of St. Joseph County, Michigan (the “County” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing U.S. governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

1. *Reporting Entity*

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

St. Joseph County Department of Human Services – is governed by a three-member board, which consists of two members appointed by the County Board of Commissioners and one State-appointed member. The Board is responsible for establishing policies and overseeing the local administration of the Department of Human Services and the State of Michigan Social Welfare program. State law requires local activities to be blended with the local primary government even though the employees of the St. Joseph County Department of Human Services are employees of the State of Michigan and substantially all of the programs are financed through the State. In accordance with State law, the Department of Human Services has been included as a special revenue fund.

Discretely Presented Component Units

County Economic Development Corporation - is governed by a 15-person Board of Directors appointed by the County Board of Commissioners. The EDC may not issue debt or levy a tax without the County’s approval.

St. Joseph County Road Commission – is governed by a three-member Board of Road Commissioners that is appointed by the County Board of Commissioners. The Road Commission maintains local, state and federal trunklines in St. Joseph County with financing primarily from the distribution of gas and weight taxes, federal financial assistance, and contributions from other local governments. The County must authorize all long-term debt issuances of the Road Commission, excluding capital lease purchase agreements. Complete financial statements for the Road Commission may be obtained by contacting the St. Joseph County Road Commission at 20914 M-86, Centreville, Michigan 49032.

St. Joseph County Board of Public Works (BPW) – is governed by a seven-member Board that consists of a County Commissioner, five County Board of Commissioners appointees and the St. Joseph County Drain Commissioner. The BPW Board oversees the operations of the BPW, while establishing policy and administering various public works construction projects and debt service funds under Act 185 of the Public Acts of 1957. The BPW is financially accountable to the County because all general obligation debt issuances require County authorization and are backed by the full faith and credit of the County. The BPW does not issue separate financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

St. Joseph County Drainage Districts – are governed by the St. Joseph County Drain Commissioner, who is responsible for planning, developing and maintaining surface water drainage systems, while maintaining a file for the financing, construction and maintenance of each County drain. The Drain Commissioner has authority to spend up to \$2,500 per mile on drain maintenance and borrow up to \$300,000 from any source to provide for drain maintenance without Board of Commissioners' approval and without going through the Michigan Municipal Finance Division. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are financially accountable to the County because bond issuances greater than \$300,000 require County authorization and are backed by the full faith and credit of the County. Separate financial statements are not issued for the Drainage Districts.

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement, or interlocal agreement, which is owned, operated or governed by two or more participants. The entity is subject to joint control with financial interest and responsibility by its participants.

Branch-Hillsdale-St. Joseph Community Health Agency – is a joint venture between Branch, Hillsdale and St. Joseph counties. The Agency was established to provide public health services with a current funding formula of 30, 30, and 40 percent from Branch, Hillsdale and St. Joseph counties, respectively. Due to the treasury function resting with the Branch County Treasurer, the Agency is presented as a joint venture. Separate financial statements are available at the Agency's administrative offices.

2. *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for 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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state shared revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *revenue sharing reserve fund* is mandated by the State of Michigan and accounts for property tax collections to serve as a substitute for state revenue sharing payments. This substitute funding mechanism involves a gradual shift of County property tax millage from a winter to a summer tax levy.

The *central dispatch fund* accounts for the operations of the countywide 911 dispatch center and the millage approved by county voters for the operation of the facility.

The *commission on aging fund* accounts for the operations of the countywide senior services programs and the millage approved by county voters for the operation of the facility.

The *budget stabilization fund* accounts for funds to cover a general fund deficit, to prevent a reduction in services or reduction in work force at anytime in a fiscal year or when preparing the next fiscal budget, or to cover expenses related to a disaster.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

The County reports the following major proprietary funds:

The *tax payment fund* accounts for the annual purchase of delinquent real property taxes from each of the local taxing units within the county, and the ultimate collection from the property owners of the delinquent taxes with penalty and interest.

Additionally, the County reports the following fund types:

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including major capital projects).

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Permanent funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

An *internal service fund* accounts for operations that provide employee benefits to other departments of the County on a cost-reimbursement basis.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first and then unrestricted resources as they are needed.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

4. *Assets, Liabilities and Equity*

Deposits and Investment – The County pools cash resources of various funds in order to facilitate the management of cash; however, cash applicable to a particular fund is readily identifiable. Sufficient cash is retained in the pooled cash accounts to meet current operating requirements and excess cash is invested in various interest bearing securities and disclosed as part of the County’s investments. Cash equivalents consist of temporary investments in certificates of deposit, with maturities from date of purchase of 90 days or less, investment trust funds, and mutual funds. The investment trust funds have the general characteristics of demand deposit accounts.

Investments are stated at fair value and consist of U.S government obligations, mutual funds, and certificates of deposit with original maturities of greater than 90 days.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Receivables and Payables – Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as “interfund receivables/payable”. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Receivables consist of accounts receivable related to charges for services and amounts due from governmental units for various financial assistance programs and State shared revenues. The County utilizes the direct write-off method for uncollectible receivables for all other funds as past experience indicates the write-off of accounts receivable for these funds are immaterial and do not warrant the use of allowance accounts.

Inventories – The cost of inventory items in the general and commission on aging funds is recorded as an expenditure at the time of purchase. Inventories consist of paper and office supplies and various consumer products, which are stated at the lower of first-in, first-out (FIFO) or market.

The cost of inventory items in the Road Commission is recorded as an expenditure when they are used (i.e., consumption method). Inventories of the Road Commission consist of road materials and equipment parts, which are stated at the lower of average cost or market.

Prepays – Certain payments to vendors (particularly for insurance coverage) reflect costs that are applicable to a future period and are recorded as prepaid items.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, drains and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of \$300 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government and component units are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-50 years
Equipment	3-7 years
Vehicles	5 years
Infrastructure - drains	40 years

Capital assets of the Road Commission component unit are depreciated as follows:

Buildings	Straight-line	40 years
Equipment	Sum-of-years-digits	5-8 years
Roads	Straight-line	5-30 years
Bridges	Straight-line	15-50 years
Other infrastructure	Straight-line	8-20 years

Compensated Absences – Eligible employees are permitted to accumulate earned but unused vacation benefits in varying amounts based on length of service and certain other established criteria. Amounts not expected to be liquidated with expendable available financial resources are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if these amounts have matured, for example, as a result of employee resignations or retirements.

Long-term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. *Budgetary Information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year-end. The legal level of budgetary control is at the activity level for the general fund and the fund level for the special revenue funds. The Board made several supplemental budgetary appropriations throughout the year that were not considered material.

Prior to November 1 of each year, the County departments working in conjunction with the Administrator's Office prepare and submit their proposed budgets, including expenditures and estimated revenues, for the fiscal year commencing the following January 1. Following a public hearing to obtain taxpayer comments, the budgets are legally enacted prior to January 1 through passage of a budget resolution.

2. *Excess of Expenditures over Appropriations*

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended December 31, 2008, the County incurred expenditures in excess of the amounts appropriated in the general fund other activities of the general government function in the amount of \$35,864.

3. *Deficit Fund Equity*

The register of deeds automation and remonumentation special revenue funds reported deficit fund balances of \$17,275 and \$9,300, respectively, as of December 31, 2008. Also, the Drainage Districts component unit Pleasant/Clear Lake Assessment capital projects fund reported deficit net assets of \$60,233 as of December 31, 2008.

C. DETAIL NOTES ON ALL FUNDS

1. **Deposits and investments**

A reconciliation of cash and investments as shown in the basic financial statements is as follows:

Cash on hand	\$ 11,225
Carrying amount of deposits	13,559,095
Carrying amount of investments	<u>15,948,759</u>
	<u>\$ 29,519,079</u>

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 10,185,951	\$ 654,081	\$ 1,695,215	\$ 12,535,247
Investments	<u>16,983,832</u>	<u>-</u>	<u>-</u>	<u>16,983,832</u>
Total	<u>\$ 27,169,783</u>	<u>\$ 654,081</u>	<u>\$ 1,695,215</u>	<u>\$ 29,519,079</u>

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

The County chooses to disclose its investments by specific identification. As of year end, the County had the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
Federal Home Loan. Mtg. Corp.	01/21/09	\$ 2,014,000	S&P – AAA
Federal Home Loan. Mtg. Corp.	03/03/09	1,632,837	S&P – AAA
Federal Nat. Mtg. Assn.	01/26/09	1,035,000	S&P – AAA
Federal Nat. Mtg. Assn.	04/14/09	1,458,416	S&P – AAA
U.S. Treasury	06/04/09	1,449,362	not rated
U.S. Treasury	07/02/09	1,510,988	not rated
Western Asset Govt MM	N/A	229	not rated
Treasury Portfolio Class B	N/A	2,595,606	not rated
MBIA short term funds	N/A	<u>4,252,321</u>	not rated
		<u>\$ 15,948,759</u>	

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities for each investment are identified above for investments held at year end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The County's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. However, the County Treasurer's Office monitors the financial stability of financial institutions using online guidance from Highline Financial Services. As of year end, \$11,284,870 of the County's bank balance of \$13,784,870 (total book balance was \$13,559,095) was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk. The County's investment policy limits investments to those types of securities allowed by state statutes as listed in Note A-4 above and pre-qualifies the financial institutions, broker/dealers, intermediaries and advisors with which the County does business in accordance with this policy. None of the investments above are subject to custodial credit risk.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

2. RECEIVABLES

Receivables as of December 31, 2008 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Property taxes	\$ 2,224,651	\$ 2,254,192	\$ -
Accounts receivable	240,917	52,418	2,147,608
Interest receivable	30,621	68,220	-
Special assessments	-	-	905,368
Lease receivable	-	-	3,177,852
Due from other governments	608,215	-	-
	<u>\$ 3,104,404</u>	<u>\$ 2,374,830</u>	<u>\$ 6,230,828</u>

Leases receivable in the Department of Public Works component unit represents amounts receivable from other local governments for the water and sewer systems constructed for them using bonds issued by the County. The receivable is equal to the outstanding bond principal plus accrued interest as of December 31, 2008. The current portion of the receivable is equal to the current portion of the related debt plus accrued interest. Unearned revenue in the governmental activities consists entirely of property taxes to be received in subsequent years.

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables at December 31, 2008 is as follows:

	Receivable	Payable
Due from (to) other funds		
General fund	\$ 121,420	\$ -
Nonmajor governmental funds	-	121,420
	<u>\$ 121,420</u>	<u>\$ 121,420</u>

The due from (to) other funds resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ended December 31, 2008, interfund transfers consisted of the following:

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

	Transfers In	Transfers Out
General fund	\$ 1,444,174	\$ 1,238,162
Revenue sharing reserve	-	1,319,656
Central dispatch fund	-	15,000
Nonmajor governmental funds	1,307,695	179,051
	\$ 2,751,869	\$ 2,751,869

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

4. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2008 was as follows:

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 441,196	\$ -	\$ -	\$ 441,196
Constructin in progress	-	382,584	-	382,584
Total capital assets not being depreciated	441,196	382,584	-	823,780
Capital assets being depreciated:				
Land improvements	1,677,391	57,541	-	1,734,932
Buildings and improvements	14,425,602	227,945	-	14,653,547
Vehicles and equipment	3,860,919	50,531	155,002	3,756,448
Subtotal	19,963,912	336,017	155,002	20,144,927
Accumulated depreciation				
Land improvements	640,823	71,599	-	712,422
Buildings and improvements	7,055,665	227,637	-	7,283,302
Vehicles and equipment	2,373,995	270,830	142,158	2,502,667
Total accumulated depreciation	10,070,483	570,066	142,158	10,498,391
Total capital assets being depreciated - net	9,893,429	(234,049)	12,844	9,646,536
Governmental activities capital assets - net	\$ 10,334,625	\$ 148,535	\$ 12,844	\$ 10,470,316

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

Depreciation expense in governmental activities is not allocated by function.

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
<u>Business-type Activities</u>				
Capital assets being depreciated:				
Vehicles and equipment	\$ 21,133	\$ 1,000	\$ -	\$ 22,133
Accumulated depreciation				
Vehicles and equipment	12,797	1,657	-	14,454
Total capital assets being depreciated - net	\$ 8,336	\$ (657)	\$ -	\$ 7,679

Discretely Presented Component Units

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
Drainage Districts				
Capital assets being depreciated:				
Drain infrastructure	\$ 2,550,218	\$ -	\$ -	\$ 2,550,218
Accumulated depreciation				
Drain infrastructure	464,451	63,930	-	528,381
Total capital assets being depreciated - net	\$ 2,085,767	\$ (63,930)	\$ -	\$ 2,021,837

Depreciation expenses was charged to the Public Works function in 2008.

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
Economic Development				
Capital assets being depreciated:				
Equipment	\$ 8,254	\$ -	\$ 989	\$ 7,265
Accumulated depreciation				
Equipment	7,557	217	758	7,016
Total capital assets being depreciated - net	\$ 697	\$ (217)	\$ 231	\$ 249

Depreciation expense was charged to the Community Development function in 2008.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

Road Commission	Balance December 31, 2007		Additions	Deductions	Balance December 31, 2008	
Capital assets not being depreciated:						
Land	\$ 226,258		\$ -		\$ -	\$ 226,258
Infrastructure land improvements	7,988,228		85,570		-	8,073,798
Total capital assets not being depreciated:	8,214,486		85,570		-	8,300,056
Capital assets being depreciated:						
Buildings and improvements	1,442,878		8,801		-	1,451,679
Equipment	7,986,674		91,912	21,034		8,057,552
Depleteable assets	128,851		-		-	128,851
Infrastructure	41,644,466		2,329,634	14,500		43,959,600
Total capital assets being depreciated:	51,202,869		2,430,347	35,534		53,597,682
Accumulated depreciation						
Buildings and improvements	558,597		40,179		-	598,776
Equipment	7,296,469		314,149	21,034		7,589,584
Depleteable assets	74,468		89		-	74,557
Infrastructure	22,440,493		1,373,751	14,500		23,799,744
Total accumulated depreciation	30,370,027		1,728,168	35,534		32,062,661
Total capital assets being depreciated - net	20,832,842		702,179		-	21,535,021
Component unit capital assets - net	\$ 29,047,328		\$ 787,749		\$ -	\$ 29,835,077

Depreciation expense was charged to the Highway and Streets function in 2008.

5. PAYABLES

Accounts payable and accrued liabilities as of December 31, 2008 are summarized as follows:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 476,355	\$ 3,792	\$ 242,727
Accrued liabilities	978,676	1,818	28,212
Due to other governments	31,576	-	77,503
Interest payable	-	-	56,486
	\$ 1,486,607	\$ 5,610	\$ 404,928

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

6. LONG-TERM DEBT

Drain Commission component unit

Drain notes. The Drain Commissioner has irrevocably pledged its full faith and credit as collateral for certain drain notes. The drain notes were issued to finance the costs of the various projects and are payable out of assessments to be made against the benefitting properties.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding</u>
Component unit – Drainage District				
Felker Drain	4.000	2016	\$ 427,000	\$ 341,600
Grover and Coohan Dam	4.190	2020	220,000	184,574
Portage Lake Drain	3.375	2011	200,000	91,431
Colon #1 Drain	4.550	2017	365,780	329,202
				<u><u>\$ 946,807</u></u>

Annual debt service requirements to maturity for drain bonds and notes are as follows:

<u>Year Ending December 31,</u>	<u>Component Unit - Drain</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 119,444	\$ 39,139
2010	122,402	34,312
2011	123,960	29,412
2012	93,020	24,491
2013	95,052	20,530
2014-2018	355,518	44,801
2019-2023	37,411	2,367
	<u><u>\$ 946,807</u></u>	<u><u>\$ 195,052</u></u>

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

Board of Public Works component unit

The County has irrevocably pledged its full faith and credit as collateral for the following water and sewer system bonds. These projects are administered by the St. Joseph County Board of Public Works in conjunction with local municipalities within the County. Payments by the municipalities to the County, which are made in accordance with contractual agreements, provide the resources required to service the principal and interest on the related bonds.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding</u>
Component unit – Public Works				
1997 Limited Tax GO Wastewater System #10 & 11	5.00-5.25	2017	\$ 1,400,000	\$ 380,000
1997 Limited Tax Water Supply System #13	5.25	2017	165,000	135,000
1998 Limited Tax Sewage Disposal System #14	4.50-5.00	2017	1,640,000	950,000
2002 Limited Tax Sanitary Sewer System #15	4.35-5.10	2022	1,510,000	1,395,000
2005 Limited Tax Water Supply System #16	3.50-4.65	2019	335,000	280,000
				<u><u>\$ 3,140,000</u></u>

Annual debt service requirements to maturity for Board of Public Works bonds are as follows:

<u>Year Ending December 31,</u>	<u>Component Unit - BPW</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 240,000	\$ 147,992
2010	255,000	136,325
2011	270,000	123,926
2012	290,000	110,513
2013	310,000	96,179
2014-2018	1,240,000	278,817
2019-2023	535,000	52,819
	<u><u>\$ 3,140,000</u></u>	<u><u>\$ 946,571</u></u>

Road Commission component unit

Capital Leases

The Road Commission has a capitalized lease for 4 MSG International Trucks requiring one remaining principal payments of \$96,926 in 2009.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

The annual requirements to pay principal and interest on debt outstanding at December 31, 2008, are as follows:

Year Ending December 31,	Component Unit - Road Commissi	
	Principal	Interest
2009	\$ 96,926	\$ 3,644

Accrued Sick and Vacation

After the first six months of employment, employees earn one vacation day per month of service. In addition, one floating holiday is available every January 1st. Seniority days are based on employees' length of service, up to a maximum of 18 days for 40 years of service for all employees. Also, one personal day is granted each year, which cannot be carried over. Up to 15 accrued vacation and seniority days may be carried over and used in the succeeding year. Sick leave is earned at the rate of 6 days per year and up to 60 days may be accumulated. The employees' vacation pay, no greater than 80 hours, and sick pay are payable to employees who resign with proper notice or retire.

Changes in long-term debt. Long-term debt activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Component Units</u>					
Board of Public Works					
General obligation bonds	\$ 3,365,000	\$ -	\$ 225,000	\$ 3,140,000	\$ 240,000
Drainage Districts					
Drain bonds and notes	\$ 1,171,751	\$ 53,000	\$ 277,944	\$ 946,807	\$ 119,444
Road Commission					
Land contract and installment lease	\$ 190,339	\$ -	\$ 93,413	\$ 96,926	\$ 96,926
Compensated absences	141,342	10,587	-	151,929	30,000
	\$ 331,681	\$ 10,587	\$ 93,413	\$ 248,855	\$ 126,926

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

7. RISK MANAGEMENT

The County is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The County has purchased commercial insurance for employee medical benefit claims, and participates in the Michigan Municipal League Workers' Compensation Fund for workers compensation claims. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to a special assessment to make up the deficiency. The County has not been informed of any special assessments being required. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter. Under most circumstances, the County's maximum loss retention per occurrence is \$75,000 for general and automobile liability, \$15,000 for motor vehicle physical damage, and \$10,000 for property coverage.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Liability Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Road Commission component unit

The St. Joseph County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool, the "Pool" established pursuant to the laws of the State of Michigan which authorizes contracts between municipal corporations (inter local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Michigan County Road Commission Self-Insurance Pool was established for the purpose of making a self-insurance pooling program available for Michigan County Road Commissions, which includes, but is not limited to, general liability coverage, auto liability coverage, property insurance coverage, stop loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

The Road Commission pays an annual premium to the Pool for general liability, excess liability, errors and omissions, auto liability, auto comprehensive, auto collision, equipment and building and contents.

The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Road Commission is also self-insured for workers' compensation as a member of the County Road Association Self Insurance Fund. The estimated amount of the IBNR, or "incurred but not reported" claims associated with the self-insurance arrangements is not considered to be material at December 31, 2008.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

The Road Commission continues to carry commercial insurance for all other risks of loss, including life insurance, health program, data processing, commercial crime and boiler and machinery. Settled claims have not exceeded insurance coverage for the last three years.

8. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

On October 28, 2008, the County Board guaranteed the \$2.7 million Community Mental Health building loan from Farmer's State Bank. The loan is for 25 years with an interest rate of 5.27%. As of December 31, 2008, draws on this loan amounted to \$319,706.

9. PROPERTY TAXES

County operating property taxes are levied annually on July 1 (the lien date) to fund operations for the current year. The property taxes are due in full within nine months (prior to March 1), at which time uncollected taxes became delinquent.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. The assessed and taxable value of real and personal property for the 2008 levies, for which revenue was recognized in fiscal 2008, was \$1,817,133,527. The general operating tax rate for these levies were 4.5482 mills with an additional .7500 and .7500 mills levied December 1st for central dispatch and the commission on aging, respectively.

By agreement with the various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable.

10. POSTEMPLOYMENT HEALTH CARE BENEFITS

Road Commission component unit.

The Road Commission provides both health and life insurance benefits for retired employees meeting specific years of continued service requirements. The Road Commission will provide 100% health insurance coverage comparable to that provided to active employees for those retirees aged 62 to 65, providing the premium for the plan selected remains under the established annual cap. If the retiree selects a plan with a premium over the cap, the Road Commission will, depending on the retiree's classification, pay either 90% or 95% of the health insurance coverage. The Road Commission will provide 100% of the premium for a \$2,000 life insurance policy for retirees aged 62 to 65. Costs incurred by the Road Commission during 2008 amounted to \$11,328. The Road Commission currently has one retired employee receiving benefits under the plan.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

The Governmental Accounting Standards Board has recently released Statement No. 45, "Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions." The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2009. Management is currently assessing the impact of this new accounting standard on the Road Commission's financial statements for future reporting periods.

11. DEFINED BENEFIT PENSION PLAN

Defined benefit plan – County General, Sheriff Department POAM/FOP, and Sheriff Administration divisions

Effective April 1, 2007, the County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. This plan covers substantially all County employees; except for Commission on Aging and the Road Commission. The Plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to eligible members and beneficiaries. The MERS Retirement Board establishes and amends plan benefit provisions as authorized under State statutes. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

The employer is required to contribute at an actuarially determined rate; of annual covered payroll, the current rate for the General division is 3.25%, the Sheriff Department POAM/FOP division is 11%, and the Sheriff Administration division is 18.21%. Of their annual covered payroll, the County General division employees are required to contribute 1.0%, the Sheriff Department POAM/FOP division employees are required to contribute 4.64%, and the Sheriff Administration division employees are required to contribute 7.7%. Employer contribution requirements are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the County.

For the year ended December 31, 2008, the annual MERS pension cost of \$167,596, \$222,399 and \$44,763 for the General division, the Sheriff Department POAM/FOP division, the Sheriff Administration division, respectively, was equal to the required and actual contributions. The required contributions were determined as part of the December 31, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases based on an age-related scale to reflect merit, longevity and promotional salary increases.

The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 28 years.

ST. JOSEPH COUNTY, MICHIGAN

Notes to Financial Statements

As part of this is a new plan effective April 1, 2007, information on three year funding progress and trend data only depicts results by division for the plan year ending December 31, 2007, as follows:

	General	Sheriff POAM/FOP	Sheriff Administration
Actuarial value of assets	\$18,095,358	\$ 8,922,629	\$ 948,522
Actuarial accrued liability (AAL)	14,294,695	10,160,230	1,396,952
Unfunded AAL	(3,800,663)	1,237,601	448,430
Funded ratio	127%	88%	68%
Covered payroll	5,054,679	2,012,984	237,302
UAAL as a percentage of covered payroll	-	61%	189%
Annual pension cost	167,596	222,399	44,763
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

Defined contribution plan – Commission on Aging

Effective June 8, 1988, the St. Joseph County Commission on Aging established a defined contribution plan with Fifth Third Bank and Edward Jones, Inc. Substantially all full time employees with three years of service are eligible for this plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employer contributions are based on a fixed weekly rate for each employee covered by the personnel policy. Employees are not required to contribute to the plan. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. For the year ended September 30, 2008, the Commission on Aging made the required contribution of \$29,358.

Road Commission component unit – defined contribution plan

The Road Commission established the St. Joseph County Road Commission Money Purchase Pension Plan, a single-employer defined contribution plan, on October 15, 1981. The plan, established to meet the requirements of Act No. 249, Public Acts of 1943, covers substantially all employees of the Road Commission. The Road Commission is required to contribute 6% of covered payroll at the end of each plan year. Employees do not contribute to the plan. Fifth Third Bank, Kalamazoo, Michigan is the trustee and administers the pension plan.

Plan provisions and contribution requirements are established and may be amended by the Board of County Road Commissioners. There is no service requirement in order to be eligible to participate in the plan.

Upon termination of employment for reasons other than retirement, total and permanent disability, or death, a participant is entitled to receive 100% of the participant's amount representing the vested percentage of the balance in the participant's employer contribution account at the date of termination of employment.

The Road Commission's contributions for each employee (and interest allocated to the employee's account) are partially vested after three (3) years of continuous service and fully vested after seven (7) years of continuous service.

For the plan year ended October 31, 2008, the Road Commission contributed \$103,448 (representing 6% of covered payroll) to the plan.

* * * * *

**COMBINING AND INDIVIDUAL FUND
STATEMENTS/SCHEDULES**

ST. JOSEPH COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual
General Fund
For the Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Taxes				
Property taxes	\$ 7,862,387	\$ 7,862,387	\$ 7,698,118	\$ (164,269)
Industrial facilities tax	275,000	275,000	292,195	17,195
Delinquent taxes	515,000	515,000	423,149	(91,851)
Total taxes	<u>8,652,387</u>	<u>8,652,387</u>	<u>8,413,462</u>	<u>(238,925)</u>
Permits and regulatory licenses				
Marriage	3,050	3,050	3,375	325
Dog licenses	79,000	79,000	92,121	13,121
Pistol permits	5,550	5,550	12,842	7,292
Total permits and regulatory licenses	<u>87,600</u>	<u>87,600</u>	<u>108,338</u>	<u>20,738</u>
Intergovernmental - federal/state				
Emergency management assistance	26,300	26,300	28,664	2,364
SCAAP grant	6,000	6,000	9,552	3,552
Highway safety	-	60,960	55,139	(5,821)
Cooperative reimbursement - FOC	665,000	665,000	594,967	(70,033)
Cooperative reimbursement - Prosecutor	-	4,818	4,818	-
Cooperative reimbursement - Prosecuting attorney	-	-	1,148	1,148
Judicial salary	101,674	101,674	102,490	816
Drug case flow grant	1,000	1,000	936	(64)
Victims Rights	5,500	5,500	4,614	(886)
Marine safety grant	20,000	32,865	12,865	(20,000)
Juvenile officer grant	27,317	27,317	27,317	-
Probate court	45,724	45,724	45,724	-
Circuit court	45,724	45,724	45,724	-
District court	91,673	91,673	91,448	(225)
Convention and tourism	192,299	199,278	206,258	6,980
Cigarette tax	28,545	28,545	21,461	(7,084)
Liquor license fees	12,000	12,000	14,071	2,071
State aid-case flow assistance	16,000	16,000	25,610	9,610
State court equity funding	410,000	410,000	409,418	(582)
Election reimbursement	36,000	36,000	26,379	(9,621)
Miscellaneous	15,000	92,154	103,811	11,657
Total intergovernmental - federal/state	<u>1,745,756</u>	<u>1,908,532</u>	<u>1,832,414</u>	<u>(76,118)</u>

Continued...

ST. JOSEPH COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual (Continued)
General Fund
For the Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Charges for services				
General government:				
Circuit Court	\$ 749,500	\$ 749,500	\$ 689,816	\$ (59,684)
District Court	20,310	20,310	24,238	3,928
Probate Court	53,120	53,120	53,491	371
Treasurer	2,800	2,800	4,041	1,241
Clerk	207,300	207,300	222,295	14,995
Register of deeds	530,950	530,950	379,570	(151,380)
Friend of the Court	95,100	95,100	74,413	(20,687)
Sheriff Department:	131,150	123,764	394,690	270,926
Equalization	97,000	97,000	105,361	8,361
Central services	32,600	32,600	29,402	(3,198)
Animal control	8,000	8,000	9,916	1,916
Miscellaneous	22,075	22,075	36,798	14,723
Total charges for services	<u>1,949,905</u>	<u>1,942,519</u>	<u>2,024,031</u>	<u>81,512</u>

Continued...

ST. JOSEPH COUNTY, MICHIGAN
Detailed Schedule of Revenues and
Other Financing Sources - Budget and Actual (Concluded)
General Fund
For the Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Fines and forfeitures				
Ordinance fines and costs	\$ 225,000	\$ 225,000	\$ 161,073	\$ (63,927)
Bond forfeitures	10,300	18,400	27,911	9,511
Miscellaneous	2,000	2,000	4,725	2,725
Total fines and forfeitures	<u>237,300</u>	<u>245,400</u>	<u>193,709</u>	<u>(51,691)</u>
Interest and rents				
Interest on investments	276,000	276,000	360,839	84,839
Rental fees	5,300	5,300	4,212	(1,088)
Total interest and rents	<u>281,300</u>	<u>281,300</u>	<u>365,051</u>	<u>83,751</u>
Other				
Sale of capital assets	1,500	1,500	3,625	2,125
Reimbursements and refunds	49,293	61,868	132,067	70,199
Miscellaneous	3,673	3,673	33,987	30,314
Total other	<u>54,466</u>	<u>67,041</u>	<u>169,679</u>	<u>102,638</u>
Total revenues	13,008,714	13,184,779	13,106,684	(78,095)
Other financing sources				
Transfers in	<u>1,410,946</u>	<u>1,410,946</u>	<u>1,444,174</u>	<u>33,228</u>
Total revenues and other financing sources	<u>\$ 14,419,660</u>	<u>\$ 14,595,725</u>	<u>\$ 14,550,858</u>	<u>\$ (44,867)</u>

ST. JOSEPH COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual
General Fund
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget + (-)
General government				
Board of commissioners	\$ 179,877	\$ 182,505	\$ 169,267	\$ 13,238
Circuit court	268,599	268,399	264,488	3,911
District court	1,012,292	1,012,292	957,601	54,691
Friend of the court	703,036	703,036	691,774	11,262
Jury commission	1,950	1,950	1,628	322
Probate court	319,406	321,406	307,318	14,088
Family court	796,293	858,593	858,540	53
Appeals court	35,765	35,965	35,932	33
Public defender	401,000	401,000	400,000	1,000
Administrator	137,184	139,441	137,522	1,919
Elections	115,000	115,000	73,682	41,318
Finance	235,065	235,065	232,653	2,412
Clerk	364,277	384,627	373,403	11,224
Equalization	319,164	319,164	313,011	6,153
Human resources	129,792	129,792	103,305	26,487
Geographic information systems	112,894	112,894	109,772	3,122
Prosecuting attorney	599,039	600,339	600,335	4
Central services	390,957	390,957	363,463	27,494
Register of Deeds	235,399	235,399	232,943	2,456
Treasurer	242,895	242,895	238,888	4,007
Cooperative Extension	252,817	253,317	247,740	5,577
Information Technology	235,491	215,491	206,225	9,266
Building and Grounds	352,993	384,673	384,646	27
Utilities	345,600	354,600	360,528	(5,928)
Insurance	341,000	332,000	282,841	49,159
Drain Commission	92,344	93,544	91,900	1,644
Court security	108,476	115,476	113,884	1,592
Other	68,393	68,393	104,257	(35,864)
Total general government	8,396,998	8,508,213	8,257,546	250,667
Public safety				
Sheriff - General	1,744,138	1,835,098	1,768,003	67,095
Sheriff - Corrections	13,473	13,473	8,676	4,797
Jail	1,981,023	1,993,598	1,942,670	50,928
Marine safety	30,774	48,209	48,164	45
Animal Control	166,346	174,446	171,867	2,579
Emergency Services	88,369	88,369	88,035	334
Other	500	500	-	500
Total public safety	4,024,623	4,153,693	4,027,415	126,278
Public works				
Public works	10,536	10,536	9,048	1,488
Soil	22,500	22,500	22,500	-
Appropriation to road commission	30,000	30,000	30,000	-
Total public safety	63,036	63,036	61,548	1,488

Continued....

ST. JOSEPH COUNTY, MICHIGAN
Detailed Schedule of Expenditures and
Other Financing Uses - Budget and Actual (Concluded)
General Fund
For the Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget + (-)</u>
Health and social services				
Child care probate	\$ 127,542	\$ 127,542	\$ 103,081	\$ 24,461
District health	408,959	408,959	404,374	4,585
Community Mental Health	192,980	257,266	257,266	-
Health and human services appropriation	8,200	8,200	8,200	-
Health and human services appropriation - child care	140,000	140,000	140,000	-
Medical examiner	41,900	41,900	29,843	12,057
Substance abuse	96,150	103,129	103,129	-
Veterans	3,300	5,280	5,250	30
Veterans services	29,720	31,720	31,409	311
Total health and social services	<u>1,048,751</u>	<u>1,123,996</u>	<u>1,082,552</u>	<u>41,444</u>
Community development				
Planning	12,977	12,977	11,319	1,658
Total expenditures	<u>13,546,385</u>	<u>13,861,915</u>	<u>13,440,380</u>	<u>421,535</u>
Other financing uses - transfers out				
Appropriations:				
Probate Child Care	234,000	248,000	248,000	-
Parks and Recreation	161,702	161,702	161,702	-
Other operating transfers out	498,800	783,721	754,000	-
Other:				
Contractual Services	1,500	1,500	1,500	-
Circuit Court Law Library	4,500	9,500	9,500	-
Secondary Road Patrol	57,460	57,460	57,460	-
Land Corners	6,000	6,000	6,000	-
Total other financing uses	<u>963,962</u>	<u>1,267,883</u>	<u>1,238,162</u>	<u>29,721</u>
Total expenditures and other financing uses	<u>\$ 14,510,347</u>	<u>\$ 15,129,798</u>	<u>\$ 14,678,542</u>	<u>\$ 451,256</u>

ST. JOSEPH COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Special Revenue Funds				
	Parks and Recreation	Central Dispatch Wireless	Meyer Broadway Park	Facilities and Land Acquisition	Friend of the Court
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 57,913	\$ 319,053	\$ 88,837	\$ 1,505	\$ 6,725
Receivables:					
Accounts, net	3,691	-	-	1	9
Due from other governmental units	5,017	48,154	-	-	-
Prepays	-	-	-	-	-
Other assets	4,029	-	-	-	-
	<u>\$ 70,650</u>	<u>\$ 367,207</u>	<u>\$ 88,837</u>	<u>\$ 1,506</u>	<u>\$ 6,734</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 2,078	\$ -	\$ 851	\$ -	\$ -
Accrued liabilities	2,669	1,406	794	-	-
Due to other funds	-	-	-	-	-
	4,747	1,406	1,645	-	-
 Fund balances					
Reserved for prepaids	-	-	-	-	-
Unreserved:					
Designated for capital projects	-	-	-	-	-
Undesignated (deficit)	65,903	365,801	87,192	1,506	6,734
	65,903	365,801	87,192	1,506	6,734
	<u>\$ 70,650</u>	<u>\$ 367,207</u>	<u>\$ 88,837</u>	<u>\$ 1,506</u>	<u>\$ 6,734</u>

Special Revenue Funds

Family Counseling	Cade Lake Park	Court Caseflow Assistance	Waste Management Fund	Traffic Safety Program	Remonum- entation Grant	Animal Shelter Donation	Veterans Memorial Fund
\$ 12,561	\$ 19,674	\$ 14,614	\$ 111,599	\$ 108,994	\$ 10,700	\$ 30,218	\$ 1,842
-	-	-	64,308	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 12,561</u>	<u>\$ 19,674</u>	<u>\$ 14,614</u>	<u>\$ 175,907</u>	<u>\$ 108,994</u>	<u>\$ 10,700</u>	<u>\$ 30,218</u>	<u>\$ 1,842</u>
\$ 868	\$ (101)	\$ -	\$ 212	\$ 326	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	20,000	-	-
<u>868</u>	<u>(101)</u>	<u>-</u>	<u>212</u>	<u>326</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,693	19,775	14,614	175,695	108,668	(9,300)	30,218	1,842
<u>11,693</u>	<u>19,775</u>	<u>14,614</u>	<u>175,695</u>	<u>108,668</u>	<u>(9,300)</u>	<u>30,218</u>	<u>1,842</u>
<u>\$ 12,561</u>	<u>\$ 19,674</u>	<u>\$ 14,614</u>	<u>\$ 175,907</u>	<u>\$ 108,994</u>	<u>\$ 10,700</u>	<u>\$ 30,218</u>	<u>\$ 1,842</u>

Continued...

ST. JOSEPH COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
December 31, 2008

	Special Revenue Funds				
	Register of Deeds Automation	Victims Rights Advocacy	Community Correction Advisory Board	Community Correction Program	Local Corrections Officers Training
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 28,480	\$ 12,486	\$ 28,753	\$ 28,747	\$ 64,388
Receivables:					
Accounts, net	42	-	-	-	-
Due from other governmental units	-	13,657	13,253	-	-
Prepays	-	818	-	-	-
Other assets	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL ASSETS</u>	<u>\$ 28,522</u>	<u>\$ 26,961</u>	<u>\$ 42,006</u>	<u>\$ 28,747</u>	<u>\$ 64,388</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 2,555	\$ -	\$ 6,772	\$ 5,010	\$ -
Accrued liabilities	-	1,796	1,612	-	-
Due to other funds	43,242	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>45,797</u>	<u>1,796</u>	<u>8,384</u>	<u>5,010</u>	<u>-</u>
Fund balances					
Reserved for prepaids	-	818	-	-	-
Unreserved:					
Designated for capital projects	-	-	-	-	-
Undesignated (deficit)	(17,275)	25,165	33,622	23,737	64,388
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>(17,275)</u>	<u>25,165</u>	<u>33,622</u>	<u>23,737</u>	<u>64,388</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 28,522</u>	<u>\$ 26,961</u>	<u>\$ 42,006</u>	<u>\$ 28,747</u>	<u>\$ 64,388</u>

Special Revenue Funds

Law Enforcement	Drug Law Enforcement	Secondary Road Patrol	Homeland Security Grant	County Law Library	Principal Residence Denial
\$ 89,922	\$ 15,819	\$ 63,359	\$ 49,181	\$ 1,917	\$ 70,837
46,549	-	-	-	-	-
-	-	-	16,126	-	-
-	-	1,963	-	-	-
-	-	3,851	-	-	-
<u>\$ 136,471</u>	<u>\$ 15,819</u>	<u>\$ 69,173</u>	<u>\$ 65,307</u>	<u>\$ 1,917</u>	<u>\$ 70,837</u>
\$ -	\$ 843	\$ 150	\$ 2,376	\$ 354	\$ -
7,175	-	4,868	-	-	218
-	-	-	58,178	-	-
<u>7,175</u>	<u>843</u>	<u>5,018</u>	<u>60,554</u>	<u>354</u>	<u>218</u>
-	-	1,963	-	-	-
-	-	-	-	-	-
<u>129,296</u>	<u>14,976</u>	<u>64,155</u>	<u>4,753</u>	<u>1,563</u>	<u>70,619</u>
<u>129,296</u>	<u>14,976</u>	<u>64,155</u>	<u>4,753</u>	<u>1,563</u>	<u>70,619</u>
<u>\$ 136,471</u>	<u>\$ 15,819</u>	<u>\$ 69,173</u>	<u>\$ 65,307</u>	<u>\$ 1,917</u>	<u>\$ 70,837</u>

Continued...

ST. JOSEPH COUNTY, MICHIGAN
Combining Balance Sheet
December 31, 2008
Nonmajor Governmental Funds (Concluded)

	<u>Special Revenue Funds</u>				
	<u>Community Development Block Grant</u>	<u>Sheriffs Justice Training</u>	<u>Department of Human Services</u>	<u>Child Care Probate Court</u>	<u>Child Care Human Services</u>
<u>ASSETS</u>					
Assets					
Cash and cash equivalents	\$ 106,111	\$ 16,401	\$ -	\$ 13,929	\$ -
Receivables:					
Accounts, net	-	-	-	-	-
Due from other governmental units	7,434	-	-	26,438	-
Prepays	-	-	-	-	-
Other assets	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL ASSETS</u>	<u>\$ 113,545</u>	<u>\$ 16,401</u>	<u>\$ -</u>	<u>\$ 40,367</u>	<u>\$ -</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ -	\$ 507	\$ -	\$ 38,101	\$ -
Accrued liabilities	-	-	-	1,406	-
Due to other funds	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> 507</u>	<u> </u>	<u> 39,507</u>	<u> </u>
Fund balances					
Reserved for prepaids	-	-	-	-	-
Unreserved:					
Designated for subsequent year expenditures	-	-	-	-	-
Undesignated (deficit)	113,545	15,894	-	860	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u> 113,545</u>	<u> 15,894</u>	<u> </u>	<u> 860</u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 113,545</u>	<u>\$ 16,401</u>	<u>\$ -</u>	<u>\$ 40,367</u>	<u>\$ -</u>

Capital Projects Funds				Permanent Trust Funds	
Veterans Trust Fund	Board of Public Works Administration	Information Technology Improvement	County Facilities Maintenance	Cemetery	Total
\$ 904	\$ 10,777	\$ 142,815	\$ 586,495	\$ 16,252	\$ 2,131,808
-	-	-	-	317	114,917
2,590	-	-	-	-	132,669
-	-	-	-	-	2,781
-	-	-	-	-	7,880
<u>\$ 3,494</u>	<u>\$ 10,777</u>	<u>\$ 142,815</u>	<u>\$ 586,495</u>	<u>\$ 16,569</u>	<u>\$ 2,390,055</u>
\$ 83	\$ -	\$ 5,935	\$ 111,429	\$ -	\$ 178,349
-	-	-	-	-	21,944
-	-	-	-	-	121,420
<u>83</u>	<u>-</u>	<u>5,935</u>	<u>111,429</u>	<u>-</u>	<u>321,713</u>
-	-	-	-	-	2,781
-	10,777	136,880	475,066	-	622,723
3,411	-	-	-	16,569	1,442,838
<u>3,411</u>	<u>10,777</u>	<u>136,880</u>	<u>475,066</u>	<u>16,569</u>	<u>2,068,342</u>
<u>\$ 3,494</u>	<u>\$ 10,777</u>	<u>\$ 142,815</u>	<u>\$ 586,495</u>	<u>\$ 16,569</u>	<u>\$ 2,390,055</u>

ST. JOSEPH COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

Special Revenue Funds

	Parks and Recreation	Central Dispatch Wireless	Meyer Broadway Park	Facilities and Land Acquisition	Friend of the Court
Revenues					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:					
Federal/state	3,691	-	-	-	-
Charges for services	10,745	-	6,801	-	16,380
Fines and forfeitures	-	179,083	-	-	-
Interest and rent	560	7,589	4,450	15	565
Miscellaneous	6,016	-	1,729	-	-
Total revenues	<u>21,012</u>	<u>186,672</u>	<u>12,980</u>	<u>15</u>	<u>16,945</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	179,430	-	-	-
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation and culture	173,681	-	60,339	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>173,681</u>	<u>179,430</u>	<u>60,339</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>(152,669)</u>	<u>7,242</u>	<u>(47,359)</u>	<u>15</u>	<u>16,945</u>
Other financing sources (uses)					
Transfers in	161,702	-	55,647	-	-
Transfers out	-	(5,000)	-	-	(25,000)
Total other financing sources (uses)	<u>161,702</u>	<u>(5,000)</u>	<u>55,647</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balances	9,033	2,242	8,288	15	(8,055)
Fund balances (deficit), beginning of year	<u>56,870</u>	<u>363,559</u>	<u>78,904</u>	<u>1,491</u>	<u>14,789</u>
Fund balances (deficit), end of year	<u><u>\$ 65,903</u></u>	<u><u>\$ 365,801</u></u>	<u><u>\$ 87,192</u></u>	<u><u>\$ 1,506</u></u>	<u><u>\$ 6,734</u></u>

Special Revenue Funds

Family Counseling	Cade Lake Park	Court Caseflow Assistance	Waste Management Fund	Traffic Safety Program	Remonum- entation Grant	Animal Shelter Donation	Veterans Memorial Fund
\$ 7,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	54,721	-	-
-	51,750	-	279,829	36,593	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	196	-	-	-	-	434	-
<u>7,215</u>	<u>51,946</u>	<u>-</u>	<u>279,829</u>	<u>36,593</u>	<u>54,721</u>	<u>434</u>	<u>-</u>
5,686	-	318	-	-	75,298	-	-
-	-	-	-	52,907	-	-	-
-	-	-	74,737	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	79,938	-	-	-	-
-	46,891	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,686</u>	<u>46,891</u>	<u>318</u>	<u>154,675</u>	<u>52,907</u>	<u>75,298</u>	<u>-</u>	<u>-</u>
<u>1,529</u>	<u>5,055</u>	<u>(318)</u>	<u>125,154</u>	<u>(16,314)</u>	<u>(20,577)</u>	<u>434</u>	<u>-</u>
-	-	-	-	-	6,000	-	-
-	-	-	(85,367)	-	(1,300)	-	-
-	-	-	(85,367)	-	4,700	-	-
1,529	5,055	(318)	39,787	(16,314)	(15,877)	434	-
10,164	14,720	14,932	135,908	124,982	6,577	29,784	1,842
<u>\$ 11,693</u>	<u>\$ 19,775</u>	<u>\$ 14,614</u>	<u>\$ 175,695</u>	<u>\$ 108,668</u>	<u>\$ (9,300)</u>	<u>\$ 30,218</u>	<u>\$ 1,842</u>

Continued...

ST. JOSEPH COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

	Special Revenue Funds				
	Register of Deeds Automation	Victims Rights Advocacy	Community Correction Advisory Board	Community Correction Program	Local Corrections Officers Training
Revenues					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:					
Federal/state	-	53,200	101,230	-	-
Charges for services	59,137	-	-	44,618	25,110
Fines and forfeitures	-	-	-	-	-
Interest and rent	767	-	-	-	-
Miscellaneous	-	305	-	-	-
Total revenues	<u>59,904</u>	<u>53,505</u>	<u>101,230</u>	<u>44,618</u>	<u>25,110</u>
Expenditures					
Current:					
General government	14,781	54,807	-	-	-
Public safety	-	-	116,793	35,984	15,575
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>14,781</u>	<u>54,807</u>	<u>116,793</u>	<u>35,984</u>	<u>15,575</u>
Revenue over (under) expenditures	<u>45,123</u>	<u>(1,302)</u>	<u>(15,563)</u>	<u>8,634</u>	<u>9,535</u>
Other financing sources (uses)					
Transfers in	-	-	15,386	-	-
Transfers out	-	-	-	(15,386)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>15,386</u>	<u>(15,386)</u>	<u>-</u>
Net change in fund balances	45,123	(1,302)	(177)	(6,752)	9,535
Fund balances (deficit), beginning of year	(62,398)	26,467	33,799	30,489	54,853
Fund balances (deficit), end of year	<u>\$ (17,275)</u>	<u>\$ 25,165</u>	<u>\$ 33,622</u>	<u>\$ 23,737</u>	<u>\$ 64,388</u>

Special Revenue Funds

Law Enforcement	Drug Law Enforcement	Secondary Road Patrol	Homeland Security Grant	County Law Library	Principal Residence Denial
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
244,209	-	98,523	69,605	-	-
140	16,072	-	-	-	-
-	18,663	-	-	-	11,920
-	-	-	-	-	-
-	-	-	-	6,500	-
<u>244,349</u>	<u>34,735</u>	<u>98,523</u>	<u>69,605</u>	<u>6,500</u>	<u>11,920</u>
-	-	-	-	16,599	9,097
247,748	13,689	144,397	70,651	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>247,748</u>	<u>13,689</u>	<u>144,397</u>	<u>70,651</u>	<u>16,599</u>	<u>9,097</u>
<u>(3,399)</u>	<u>21,046</u>	<u>(45,874)</u>	<u>(1,046)</u>	<u>(10,099)</u>	<u>2,823</u>
-	-	57,460	-	9,500	-
<u>(6,998)</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(6,998)</u>	<u>(40,000)</u>	<u>57,460</u>	<u>-</u>	<u>9,500</u>	<u>-</u>
(10,397)	(18,954)	11,586	(1,046)	(599)	2,823
<u>139,693</u>	<u>33,930</u>	<u>52,569</u>	<u>5,799</u>	<u>2,162</u>	<u>67,796</u>
<u>\$ 129,296</u>	<u>\$ 14,976</u>	<u>\$ 64,155</u>	<u>\$ 4,753</u>	<u>\$ 1,563</u>	<u>\$ 70,619</u>

Continued...

ST. JOSEPH COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances (Concluded)
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

Special Revenue Funds

	Community Development Block Grant	Sheriffs Justice Training	Department of Human Services	Child Care Probate Court	Child Care Human Services
Revenues					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:					
Federal/state	13,280	5,378	-	103,965	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rent	-	-	-	-	-
Miscellaneous	-	-	-	8,969	-
Total revenues	13,280	5,378	-	112,934	-
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	4,768	-	-	-
Public works	-	-	-	-	-
Health and social services	-	-	-	395,336	-
Community development	13,280	-	-	-	-
Parks, recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	13,280	4,768	-	395,336	-
Revenue over (under) expenditures	-	610	-	(282,402)	-
Other financing sources (uses)					
Transfers in	-	-	-	248,000	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	248,000	-
Net change in fund balances	-	610	-	(34,402)	-
Fund balances (deficit), beginning of year	113,545	15,284	-	35,262	-
Fund balances (deficit), end of year	\$ 113,545	\$ 15,894	\$ -	\$ 860	\$ -

Capital Projects Funds				Permanent Trust Fund	
Veterans Trust Fund	Board of Public Works Administration	Information Technology Improvement	County Facilities Maintenance	Cemetery	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,215
19,992	-	-	-	-	767,794
-	-	-	-	-	547,175
-	-	-	-	-	209,666
-	-	-	-	604	14,550
-	-	-	-	-	24,149
19,992	-	-	-	604	1,570,549
-	-	-	-	-	176,586
-	-	-	-	-	881,942
-	-	-	-	-	74,737
21,156	-	-	-	-	416,492
-	-	-	-	-	93,218
-	-	-	-	-	280,911
-	-	(22,106)	310,355	-	288,249
21,156	-	(22,106)	310,355	-	2,212,135
(1,164)	-	22,106	(310,355)	604	(641,586)
-	-	40,000	714,000	-	1,307,695
-	-	-	-	-	(179,051)
-	-	40,000	714,000	-	1,128,644
(1,164)	-	62,106	403,645	604	487,058
4,575	10,777	74,774	71,421	15,965	1,581,284
\$ 3,411	\$ 10,777	\$ 136,880	\$ 475,066	\$ 16,569	\$ 2,068,342

ST. JOSEPH COUNTY, MICHIGAN

Combining Statement of Net Assets

Nonmajor Enterprise Funds

December 31, 2008

	<u>Forfeiture/ Foreclosure Fund</u>	<u>Inmate Store Fund</u>	<u>Three Rivers Community Center</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 222,527	\$ 16,797	\$ 28,301	\$ 267,625
Receivables:				
Accounts, net	26,890	593	220	27,703
Interest receivable	341	-	-	341
Total current assets	<u>249,758</u>	<u>17,390</u>	<u>28,521</u>	<u>295,669</u>
Noncurrent assets:				
Equipment	-	3,482	4,197	7,679
Total assets	<u>249,758</u>	<u>20,872</u>	<u>32,718</u>	<u>303,348</u>
Liabilities				
Current liabilities:				
Accounts payable	1,261	111	2,105	3,477
Accrued liabilities	-	-	1,818	1,818
Total current liabilities	<u>1,261</u>	<u>111</u>	<u>3,923</u>	<u>5,295</u>
Total liabilities	<u>1,261</u>	<u>111</u>	<u>3,923</u>	<u>5,295</u>
Net assets				
Invested in capital assets	-	3,482	4,197	7,679
Unrestricted	248,497	17,279	24,598	290,374
Total net assets	<u>\$ 248,497</u>	<u>\$ 20,761</u>	<u>\$ 28,795</u>	<u>\$ 298,053</u>

ST. JOSEPH COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses and
Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2008

	<u>Forfeiture/ Foreclosure Fund</u>	<u>Inmate Store Fund</u>	<u>Three Rivers Community Center</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 72,321	\$ 22,395	\$ 1,825	\$ 96,541
Other revenues	-	-	52,503	52,503
	<u>72,321</u>	<u>22,395</u>	<u>54,328</u>	<u>149,044</u>
Operating expenses				
Personal services and benefits	57,868	19,993	42,838	120,699
Depreciation and amortization	-	279	1,378	1,657
	<u>57,868</u>	<u>20,272</u>	<u>44,216</u>	<u>122,356</u>
Total operating expenses	<u>57,868</u>	<u>20,272</u>	<u>44,216</u>	<u>122,356</u>
Operating income	14,453	2,123	10,112	26,688
Nonoperating revenues				
Interest income	4,009	-	-	4,009
	<u>4,009</u>	<u>-</u>	<u>-</u>	<u>4,009</u>
Total nonoperating revenues	<u>4,009</u>	<u>-</u>	<u>-</u>	<u>4,009</u>
Change in net assets	18,462	2,123	10,112	30,697
Net assets, beginning of year	<u>230,035</u>	<u>18,638</u>	<u>18,683</u>	<u>267,356</u>
Net assets, end of year	<u>\$ 248,497</u>	<u>\$ 20,761</u>	<u>\$ 28,795</u>	<u>\$ 298,053</u>

ST. JOSEPH COUNTY, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2008

	<u>Forfeiture/ Foreclosure Fund</u>	<u>Inmate Store Fund</u>	<u>Three Rivers Community Center</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from customers	\$ 169,814	\$ 22,395	\$ 2,113	\$ 194,322
Cash received from others	-	-	52,503	52,503
Cash paid to/for employees	-	-	(41,286)	(41,286)
Cash paid to suppliers	(76,524)	(20,178)	-	(96,702)
	<u>93,290</u>	<u>2,217</u>	<u>13,330</u>	<u>108,837</u>
Cash flows from capital and related financing activities				
Capital acquisitions	-	-	(1,000)	(1,000)
Cash flows from investing activities				
Interest received	4,009	-	-	4,009
Net increase in cash and cash equivalents	97,299	2,217	12,330	111,846
Cash and cash equivalents, beginning of year	125,228	14,580	15,971	155,779
Cash and cash equivalents, end of year	<u>\$ 222,527</u>	<u>\$ 16,797</u>	<u>\$ 28,301</u>	<u>\$ 267,625</u>
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income	\$ 14,453	\$ 2,123	\$ 10,112	\$ 26,688
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	279	1,378	1,657
Change in assets and liabilities:				
Accounts receivable	97,095	-	288	97,383
Interest receivable	398	-	-	398
Accounts payable	(3,983)	(185)	1,212	(2,956)
Accrued liabilities	-	-	340	340
Due to other funds	(14,673)	-	-	(14,673)
Net cash provided by operating activities	<u>\$ 93,290</u>	<u>\$ 2,217</u>	<u>\$ 13,330</u>	<u>\$ 108,837</u>

ST. JOSEPH COUNTY, MICHIGAN
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2008

	<u>Trust and Agency</u>	<u>Library</u>	<u>Inmate Trust Account</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 1,588,860	\$ 101,783	\$ 4,572	\$ 1,695,215
Accounts receivable	242,657	-	(4,572)	238,085
	<u>\$ 1,831,517</u>	<u>\$ 101,783</u>	<u>\$ -</u>	<u>\$ 1,933,300</u>
 Liabilities				
Due to individuals/agencies	\$ 1,758,469	\$ 101,783	-	\$ 1,860,252
Due to other governmental units	73,048	-	-	73,048
	<u>\$ 1,831,517</u>	<u>\$ 101,783</u>	<u>\$ -</u>	<u>\$ 1,933,300</u>

ST. JOSEPH COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Drainage Districts Component Unit
December 31, 2008

	Debt Service Funds		
	Regular Drain	Fish Lake Drain	Lamberson Dam Drain
Assets			
Cash and cash equivalents	\$ 113,134	\$ 480	\$ 4,422
Special assessments receivable	830,442	-	1
Capital assets being depreciated, net	-	-	-
Total assets	\$ 943,576	\$ 480	\$ 4,423
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Interest payable	-	-	-
Deferred revenue	830,442	-	-
Advances from primary government	-	362	-
Long-term debt:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	830,442	362	-
Fund balances / net assets			
Fund balances - unreserved (deficit)	113,134	118	4,423
Total liabilities and fund balances	\$ 943,576	\$ 480	\$ 4,423
Net assets:			
Invested in capital assets, net of related debt			
Restricted			
Unrestricted			
Total net assets			

Capital Projects Funds

<u>Regular Drain</u>	<u>Long Lake Level Revolving</u>	<u>Klinger Lake Lake Level</u>	<u>Revolving Drain</u>	<u>Revolving Drain Maintenance</u>	<u>Omena Lake Proposed Assessment</u>	<u>Palmer and Long Lake Level</u>
\$ 200,444	\$ 14	\$ 24,062	\$ 39,320	\$ 9,400	\$ 17,206	\$ 61,669
-	-	-	-	-	17,000	57,925
-	-	-	-	-	-	-
<u>\$ 200,444</u>	<u>\$ 14</u>	<u>\$ 24,062</u>	<u>\$ 39,320</u>	<u>\$ 9,400</u>	<u>\$ 34,206</u>	<u>\$ 119,594</u>
\$ -	\$ 5	\$ -	\$ 4,078	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	17,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5	-	4,078	-	17,000	-
<u>200,444</u>	<u>9</u>	<u>24,062</u>	<u>35,242</u>	<u>9,400</u>	<u>17,206</u>	<u>119,594</u>
<u>\$ 200,444</u>	<u>\$ 14</u>	<u>\$ 24,062</u>	<u>\$ 39,320</u>	<u>\$ 9,400</u>	<u>\$ 34,206</u>	<u>\$ 119,594</u>

ST. JOSEPH COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet (Concluded)
Drainage Districts Component Unit
December 31, 2008

	Capital Projects Funds			
	Grey Lake Level Study	Pleasant/Clear Lake Proposed Assessment	Minnewauken Lake Study	Eberhard Lake Level
Assets				
Cash and cash equivalents	\$ 1,322	\$ 16,908	\$ -	\$ 4,507
Special assessments receivable	-	-	-	-
Capital assets being depreciated, net	-	-	-	-
Total assets	\$ 1,322	\$ 16,908	\$ -	\$ 4,507
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interest payable	-	-	-	-
Deferred revenue	-	-	-	-
Advances from primary government	-	77,141	-	-
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	-	77,141	-	-
Fund balances / net assets				
Fund balances - unreserved (deficit)	1,322	(60,233)	-	4,507
Total liabilities and fund balances	\$ 1,322	\$ 16,908	\$ -	\$ 4,507
Net assets:				
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total net assets				

<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
\$ 492,888	\$ -	\$ 492,888
905,368	-	905,368
-	2,021,837	2,021,837
<u>\$ 1,398,256</u>	<u>2,021,837</u>	<u>3,420,093</u>
\$ 4,083	-	4,083
-	18,079	18,079
847,442	(847,442)	-
77,503	-	77,503
-	119,444	119,444
-	827,363	827,363
929,028	117,444	1,046,472
469,228	(469,228)	-
<u>\$ 1,398,256</u>		
	1,075,030	1,075,030
	117,675	117,675
	1,180,916	1,180,916
	<u>\$ 2,373,621</u>	<u>\$ 2,373,621</u>

ST. JOSEPH COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Drainage Districts Component Unit
December 31, 2008

Fund balances - governmental funds	\$	469,228
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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.

Add - capital assets	\$	2,550,218	
Deduct - accumulated depreciation		<u>(528,381)</u>	2,021,837

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e. receivables) are offset by deferred revenues in the governmental funds and, therefore, not included in fund balance.

Add - deferred special assessments		847,442
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Long-term bonded debt is not due and payable in the current period and refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.

Deduct - long-term debt payable		(946,807)	
Deduct - interest payable		<u>(18,079)</u>	<u>(964,886)</u>

Net assets of governmental activities	\$	<u>2,373,621</u>
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ST. JOSEPH COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
Drainage Districts Component Unit
For the Year Ended December 31, 2008

	Debt Service Funds		
	Regular Drain	Fish Lake Drain	Lamberson Dam Drain
Revenues			
Special assessments	\$ 222,469	\$ -	\$ (214)
Interest revenue	1,899	3	132
Miscellaneous	-	-	-
Total revenues	<u>224,368</u>	<u>3</u>	<u>(82)</u>
Expenditures / expenses			
Public works	-	-	-
Capital outlay - construction and maintenance	-	-	-
Debt service:			
Principal	119,444	-	77,500
Interest and fiscal charges	<u>52,436</u>	<u>18</u>	<u>2,234</u>
Total expenditures / expenses	<u>171,880</u>	<u>18</u>	<u>79,734</u>
Revenues over (under) expenditures/expenses	<u>52,488</u>	<u>(15)</u>	<u>(79,816)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Long-term debt issued	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>52,488</u>	<u>(15)</u>	<u>(79,816)</u>
Change in net assets	-	-	-
Fund balance/Net assets (deficit), beginning of year	<u>60,646</u>	<u>133</u>	<u>84,239</u>
Net assets (deficit), end of year	<u><u>\$ 113,134</u></u>	<u><u>\$ 118</u></u>	<u><u>\$ 4,423</u></u>

Capital Projects Funds

Regular Drain	Long Lake Level Revolving	Klinger Lake Level	Revolving Drain	Revolving Drain Maintenance	Omena Lake Proposed Assessment	Palmer and Long Lake Level
\$ (265)	\$ -	\$ -	\$ -	\$ -	\$ 33,219	\$ 57,925
2,860	21	375	1,022	134	392	1,295
2,932	-	-	1,035	-	-	-
<u>5,527</u>	<u>21</u>	<u>375</u>	<u>2,057</u>	<u>134</u>	<u>33,611</u>	<u>59,220</u>
12,296	1,726	2,388	41,182	-	1,737	70,947
-	-	-	-	-	-	-
-	-	-	-	-	30,000	-
-	-	-	-	-	508	-
<u>12,296</u>	<u>1,726</u>	<u>2,388</u>	<u>41,182</u>	<u>-</u>	<u>32,245</u>	<u>70,947</u>
<u>(6,769)</u>	<u>(1,705)</u>	<u>(2,013)</u>	<u>(39,125)</u>	<u>134</u>	<u>1,366</u>	<u>(11,727)</u>
-	-	-	14,368	-	-	-
(13,234)	-	-	-	-	(596)	-
-	-	-	-	-	30,000	-
<u>(13,234)</u>	<u>-</u>	<u>-</u>	<u>14,368</u>	<u>-</u>	<u>29,404</u>	<u>-</u>
<u>(20,003)</u>	<u>(1,705)</u>	<u>(2,013)</u>	<u>(24,757)</u>	<u>134</u>	<u>30,770</u>	<u>(11,727)</u>
-	-	-	-	-	-	-
<u>220,447</u>	<u>1,714</u>	<u>26,075</u>	<u>59,999</u>	<u>9,266</u>	<u>(13,564)</u>	<u>131,321</u>
<u>\$ 200,444</u>	<u>\$ 9</u>	<u>\$ 24,062</u>	<u>\$ 35,242</u>	<u>\$ 9,400</u>	<u>\$ 17,206</u>	<u>\$ 119,594</u>

ST. JOSEPH COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance (Concluded)
Drainage Districts Component Unit
For the Year Ended December 31, 2008

	Capital Projects Funds			
	Grey Lake Level Study	Pleasant/Clear Lake Proposed Assessment	Minnewauken Lake Study	Eberhard Lake Level
Revenues				
Special assessments	\$ -	\$ 57,554	\$ -	\$ -
Interest revenue	19	458	112	64
Miscellaneous	-	926	-	-
Total revenues	<u>19</u>	<u>58,938</u>	<u>112</u>	<u>64</u>
Expenditures / expenses				
Public works	-	12,068	10,627	-
Capital outlay - construction and maintenance	-	-	-	-
Debt service:				
Principal	-	51,000	-	-
Interest and fiscal charges	-	4,597	-	-
Total expenditures / expenses	<u>-</u>	<u>67,665</u>	<u>10,627</u>	<u>-</u>
Revenues over (under) expenditures/expenses	<u>19</u>	<u>(8,727)</u>	<u>(10,515)</u>	<u>64</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(538)	-	-
Long-term debt issued	-	23,000	-	-
Total other financing sources	<u>-</u>	<u>22,462</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>19</u>	<u>13,735</u>	<u>(10,515)</u>	<u>64</u>
Change in net assets	-	-	-	-
Fund balance/Net assets (deficit), beginning of year	<u>1,303</u>	<u>(73,968)</u>	<u>10,515</u>	<u>4,443</u>
Net assets (deficit), end of year	<u><u>\$ 1,322</u></u>	<u><u>\$ (60,233)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,507</u></u>

<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
\$ 370,688	\$ (295,981)	\$ 74,707
8,786	-	8,786
4,893	-	4,893
<u>384,367</u>	<u>(295,981)</u>	<u>88,386</u>
152,971	63,930	216,901
-	-	-
277,944	(277,944)	-
59,793	4,342	64,135
<u>490,708</u>	<u>(209,672)</u>	<u>281,036</u>
<u>(106,341)</u>	<u>(86,309)</u>	<u>(192,650)</u>
14,368	(14,368)	-
(14,368)	14,368	-
53,000	(53,000)	-
<u>53,000</u>	<u>(53,000)</u>	<u>-</u>
<u>(53,341)</u>	<u>53,341</u>	<u>-</u>
-	(192,650)	(192,650)
<u>522,569</u>	<u>2,043,702</u>	<u>2,566,271</u>
<u>\$ 469,228</u>	<u>\$ 1,904,393</u>	<u>\$ 2,373,621</u>

ST. JOSEPH COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
Drainage Districts Component Unit
For the Year Ended December 31, 2008

Net change in fund balance - total governmental funds \$ (53,341)

Amounts reported for governmental activities in the Statement of Activities are different because:

Revenues in the Statement of Activities that do not provide current resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.

Deduct - decrease in deferred special assessments (295,981)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Deduct - depreciation expense (63,930)

Bond proceeds provide current financial resources to the governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets.

Deduct - issuance of long-term and refunding debt	\$ (53,000)	
Add - repayment of bond principal	277,944	224,944

Certain expenses reported in the Statement of Activates do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in accrual for interest payable on long-term debt (4,342)

Change in net assets of governmental activities **\$ (192,650)**

ST. JOSEPH COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Department of Public Works Component Unit
December 31, 2008

	White Pigeon Klinger Lake Sewer	Lockport Water Supply	Fish Lake Sewer	Debt White Pigeon Klinger Lake Sewer Ext.
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 32	\$ 318
Lease receivable	-	-	-	-
Total assets	\$ -	\$ -	\$ 32	\$ 318
Liabilities				
Interest payable	\$ -	\$ -	\$ -	\$ -
Long-term debt:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	-	-	-	-
Fund balances / net assets				
Fund balance- unreserved, undesignated	-	-	32	318
Total liabilities and fund balances	\$ -	\$ -	\$ 32	\$ 318
Net assets - unrestricted				

Service Funds

White Pigeon Water Supply	Constantine Village Waste Water	Constantine Village Sewer Construction	Constantine Village Sewer	Total	GASB 34 Adjustments	Statement of Net Assets
\$ -	\$ 138	\$ 42	\$ 25	\$ 555	\$ -	\$ 555
-	-	-	-	-	3,177,852	3,177,852
<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 42</u>	<u>\$ 25</u>	<u>\$ 555</u>	<u>\$ 3,177,852</u>	<u>\$ 3,178,407</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,407	\$ 38,407
-	-	-	-	-	240,000	240,000
-	-	-	-	-	2,900,000	2,900,000
-	-	-	-	-	3,178,407	3,178,407
-	138	42	25	555	(555)	-
<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 42</u>	<u>\$ 25</u>	<u>\$ 555</u>		
					<u>\$ -</u>	<u>\$ -</u>

ST. JOSEPH COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Department of Public Works Component Unit
December 31, 2008

Fund balances - governmental funds	\$	555
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds

Add - leases receivable		3,177,852
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Deduct - bonds and notes payable	\$ (3,140,000)	
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Deduct - interest payable	(38,407)	(3,178,407)

Net assets of governmental activities	\$	<u><u>-</u></u>
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ST. JOSEPH COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
Department of Public Works Component Unit
For the Year Ended December 31, 2008

	White Pigeon Klinger Lake Sewer	Lockport Water Supply	Fish Lake Sewer	Debt White Pigeon Klinger Lake Sewer Ext.
Revenues				
Intergovernmental - local	\$ 86,738	\$ 32,603	\$ 7,507	\$ 4,343
Expenditures / expenses				
Debt service:				
Principal	75,000	20,000	-	-
Interest and fiscal charges	11,738	12,603	7,507	4,231
Total expenditures/expenses	86,738	32,603	7,507	4,231
Revenues over (under) expenditures/expenses	-	-	-	112
Net change in fund balances	-	-	-	112
Fund balance/Net assets, beginning of year	-	-	32	206
Net assets, end of year	\$ -	\$ -	\$ 32	\$ 318

Service Funds

<u>White Pigeon Water Supply</u>	<u>Constantine Village Waste Water</u>	<u>Constantine Village Sewer Construction</u>	<u>Constantine Village Sewer</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
\$ 22,781	\$ 129,205	\$ -	\$ 102,086	\$ 385,263	\$ (236,778)	\$ 148,485
15,000	80,000	-	35,000	225,000	(225,000)	-
7,781	49,317	-	67,061	160,238	(2,861)	157,377
<u>22,781</u>	<u>129,317</u>	<u>-</u>	<u>102,061</u>	<u>385,238</u>	<u>(227,861)</u>	<u>157,377</u>
-	(112)	-	25	25	(8,917)	(8,892)
-	(112)	-	25	25	(8,917)	(8,892)
-	250	42	-	530	8,362	8,892
<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 42</u>	<u>\$ 25</u>	<u>\$ 555</u>	<u>\$ (555)</u>	<u>\$ -</u>

ST. JOSEPH COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
Department of Public Works Component Unit
For the Year Ended December 31, 2008

Net change in fund balance - total governmental funds	\$	25
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Amounts reported for governmental activities in the Statement of Activities are different because:

Deduct - collections attributable to bond principal and accrued interest		(236,778)
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Bond proceeds provide current financial resources to governmental funds of Net Assets. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets.

Add - debt principal payments as expenditures in the funds	\$ 225,000		
Add - decrease in accrual for interest payable on bonds and notes	2,861		227,861

Change in net assets of governmental activities	\$	<u><u>(8,892)</u></u>
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ST. JOSEPH COUNTY, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Economic Development Corporation Component Unit
December 31, 2008

	<u>Special Revenue</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and cash equivalents	\$ 16,664	\$ -	\$ 16,664
Due from other governments	80,335	-	80,335
Capital assets being depreciated, net	-	249	249
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 96,999</u>	<u>249</u>	<u>97,248</u>
Liabilities			
Accounts payable	55,900	-	55,900
Accrued liabilities	2,766	-	2,766
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>58,666</u>	<u>-</u>	<u>58,666</u>
Fund balance / net assets			
Fund balance - unreserved:			
Designated for capital expenditures	-	-	-
Undesignated	38,333	(38,333)	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>38,333</u>	<u>(38,333)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 96,999</u>		
Net assets:			
Unrestricted		<u>38,582</u>	<u>38,582</u>
Total net assets		<u>\$ 38,582</u>	<u>\$ 38,582</u>

ST. JOSEPH COUNTY, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
Economic Development Corporation Component Unit
For the Year Ended December 31, 2008

	<u>Special Revenue</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Intergovernmental:			
Federal/State	\$ 246,268	\$ -	\$ 246,268
Local	79,938	-	79,938
Interest revenue	1,946	-	1,946
Miscellaneous	44,661	-	44,661
	<hr/>	<hr/>	<hr/>
Total revenues	372,813	-	372,813
Expenditures / expenses			
Community development	381,780	448	382,228
Net change in fund balance	(8,967)	8,967	-
Change in net assets	-	(9,415)	(9,415)
Net assets, beginning of year	47,300	697	47,997
	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 38,333</u>	<u>\$ 249</u>	<u>\$ 38,582</u>

ST. JOSEPH COUNTY, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
Economic Development Corporation Component Unit
December 31, 2008

Fund balances - governmental funds	\$	38,333
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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.

Add - equipment	\$	7,265	
Deduct - accumulated depreciation		<u>(7,016)</u>	<u>249</u>

Net assets of governmental activities	\$	<u><u>38,582</u></u>
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ST. JOSEPH COUNTY, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
Economic Development Corporation Component Unit
For the Year Ended December 31, 2008

Net change in fund balance - total governmental funds \$ (8,967)

Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental funds report capital outlay as expenditures. However,
in the Statement of Activities, the costs of those assets is allocated
over their estimated useful lives as depreciation expense. This is the
amount which capital outlays exceeded depreciation in the current period.

Deduct - depreciation expense (448)

Change in net assets of governmental activities \$ (9,415)

SINGLE AUDIT ACT COMPLIANCE

St. Joseph County, Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Award Amount	Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed-through the Michigan State				
Housing Development Authority				
Community Development Block Grant (CDBG 06/08 (Housing))	14.228	MSC-2006-1067-HOA	\$ 275,000	<u>\$ 13,280</u>
Total U.S. Department of Housing and Urban Development				<u>13,280</u>
U.S. Department of Justice				
Direct Programs:				
2008 SCAAP	16.606	2008-F2346-MI-AP	9,552	<u>9,552</u>
Total Direct Programs				<u>9,552</u>
Passed through Michigan Department of Human Services:				
Juvenile Justice and Delinquency Prevention - 2008 Basic Grant	16.540	N/A	8,588	<u>8,588</u>
Total U.S. Department of Justice				<u>18,140</u>
U.S. Department of Transportation				
Passed-through the Michigan Department of State Police				
Office Of Highway Safety Planning 2008 Safe Communities Grant	20.600	PT-08-20	60,960	<u>55,139</u>
Total U.S. Department of Transportation				<u>55,139</u>
U.S. Environmental Protection Agency				
Direct Program:				
Brownfield Assessment and Clean-up	66.818	BF96552901	400,000	150,093
Brownfield Assessment and Clean-up	66.818	BF00E34701	200,000	<u>79,248</u>
Total U.S. Environmental Protection Agency				<u>229,341</u>

continued...

St. Joseph County, Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Award Amount	Federal Expenditures
U.S. Department of Health and Human Services				
Passed through Michigan Department of Office on Services to the Aging and Region 111C:				
Area Agency on Aging				
Title 111D Special Programs for the Aging FY07/08 Disease Prevention	93.043	n/a	\$ 2,030	\$ 2,030
Title 111B Special Programs for the Aging FY07/08	93.044	n/a	44,465	44,728
Title 111C Special Programs for the Aging FY07/08 Nutrition Congregate	93.045	n/a	76,336	76,336
FY07/08 Nutrition Home Delivered Meals	93.045	n/a	35,905	35,905
Title 111E National Family Caregiver Support FY07/08	93.052	n/a	26,293	25,774
Nutrition Services Incentive Program				
07/08 Elderly Feeding (Congregate)	93.053	n/a	24,527	24,527
07/08 Elderly Feeding (Home Delivered Meals)	93.053	n/a	30,585	30,585
Total passed through Michigan Department of Office on Services to the Aging and Region IIIC				<u>239,885</u>
Passed through Michigan Department of Human Services:				
Child Support Enforcement:				
(Title 1V-D)				
08/09	93.563	CSCOM-08-75003	624,765	464,425
Incentive Payments:				
2008 Regular	93.563	n/a	116,231	<u>116,231</u>
Total Passed through Michigan Department of Human Service:				<u>580,656</u>
Total U.S. Department of Health and Human Services				<u>820,541</u>

continued...

St. Joseph County, Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Federal/Pass-through Grantor Program Title	CFDA Number	Pass-through Grantor Number	Award Amount	Federal Expenditures
U.S. Department of Homeland Security				
Passed-Through the Michigan Department of Natural Resources				
Marine Safety Program Grant	97.012	n/a	\$ 12,865	<u>\$ 12,865</u>
Passed through Michigan State Police				
Homeland Security Grant Program FY08 EMPG	97.042	n/a	28,664	<u>28,664</u>
Total passed through Michigan State Police				<u>28,664</u>
Passed through VanBuren County				
2006-HSGP-SHSP & LETPF	97.067		38,507	38,508
2007-HSGP-SHSP & LETPF	97.067		75,540	<u>31,097</u>
Total passed through Michigan State Police				<u>69,605</u>
Total U.S. Department of Homeland Security				<u>111,134</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 1,247,575</u></u>

COUNTY OF ST. JOSEPH, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of St. Joseph County, Michigan (the "County") 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.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

June 18, 2009

To the Board of Commissioners
of the County of St. Joseph
Centreville, 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 *St. Joseph County, Michigan*, as of and for the year ended December 31, 2008, and have issued our report thereon dated June 18, 2009. 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 *St. Joseph County, Michigan's* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency in internal control over financial reporting.

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 presented or detected by the County's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency item 2008-1 is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *St. Joseph County, Michigan'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*.

We noted certain matters that we reported to management of St. Joseph County in a separate letter dated June 18, 2009.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management and 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.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

June 18, 2009

To the Board of Commissioners
of the County of St. Joseph
Centreville, Michigan

Compliance

We have audited the compliance of *St. Joseph County, 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.

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 on 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 an entity'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 entity'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 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 audit committee, management and 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.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

COUNTY OF ST. JOSEPH, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Significant deficiencies identified not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weaknesses identified? _____ yes X no

Significant deficiencies identified not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? _____ yes X no

COUNTY OF ST. JOSEPH, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.563	Child Support Enforcement
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

SECTION II – FINANCIAL STATEMENT FINDINGS

Significant Deficiencies

2008-1 – Audit adjustments

Criteria: The County is responsible for the reconciliation of all general ledger accounts to their proper underlying balances for the purpose of creating a reasonably adjusted trial balance, from which the basic financial statements are derived.

Condition: During the course of the audit, there were several adjusting journal entries posted to the original “adjusted” trial balance we received. These entries were comprised of entries initiated by both the County and the auditors. Specific items that required correction included special assessment revenue on one assessment as well as the related receivable and deferrals, revenue and receivable balances related to tax reverted land, and the County’s investment balances had not been adjusted to market value.

Cause: The County’s internal controls did not detect all adjustments necessary to properly record year-end balances.

COUNTY OF ST. JOSEPH, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2008

Effect: As a result of this condition, the County's accounting records were initially misstated by amounts material to the financial statements and significant audit adjustments were necessary in order to properly record revenue, receivables and deferred revenue related to special assessments as well as investments and interest revenue.

**View of Responsible
Officials:**

County staff will continue to work on a closing process that will have all balance sheet accounts adjusted when the audit begins.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – PRIOR YEAR FINDINGS

2007-1 – Preparation of Financial Statements in Accordance with GAAP – No restatements were required this year

2007-2 – Audit adjustments (comment repeated above as Item 2008-1)

2007-3 – IT Controls Review – County staff have developed a solution to this

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